The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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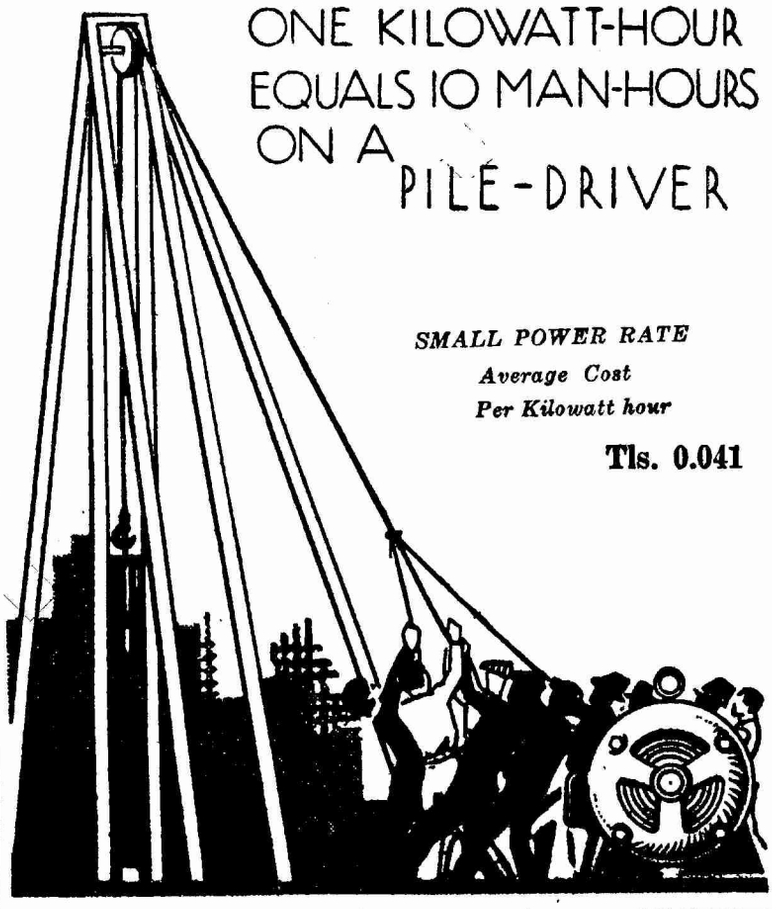

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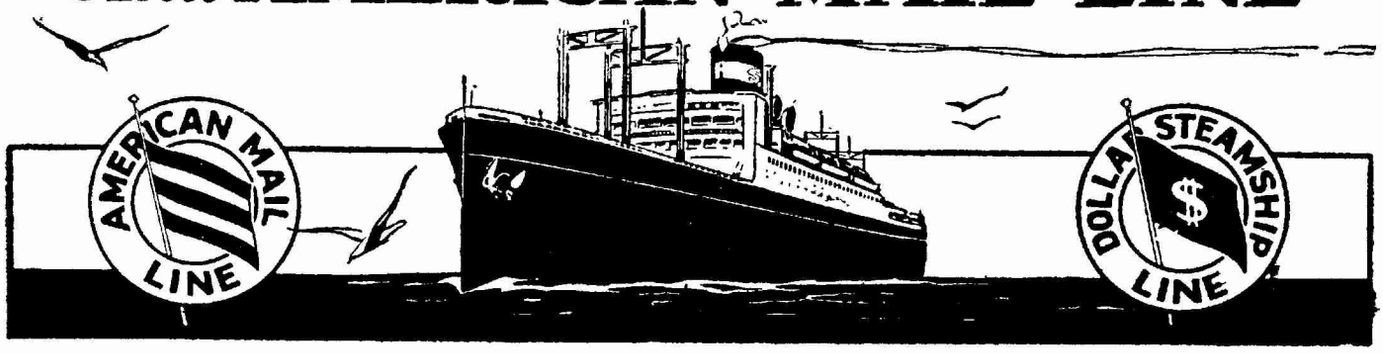

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Formerly Millard's Review

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Formerly Millard's Review

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CONTINUING TO PAY FOR THE SHIOZAWA BLUNDER

THE JAPANESE *Press Union* service on June 11 issued a report in Shanghai stating that the lower house in the Imperial Diet had approved a measure providing for the granting of a loan of 5,000,000 yen to Japanese merchants and other Japanese who suffered losses as a result of the Sino-Japanese complications in the Shanghai district last January and February. Between seventy and eighty percent of the money is to be made available for Japanese merchants in Shanghai while the remainder will go to those who suffered losses in other parts of the country, particularly along the Yangtsze and in South China. It is expected that the loan will be administered through the Japanese Residents' Corporation, an official body, in Shanghai. Of further interest in connection with losses suffered by the Japanese as a result of the blunder of Admiral Shiozawa, the *Press Union* service also stated that large numbers of Japanese who were forced to evacuate Shanghai and other places along the Yangtsze have not yet returned to their homes, the reason being the continued boycott of Japanese goods on the part of the Chinese.

The *Japan Chronicle* on June 7 printed the following editorial paragraph referring to the light sentences which were received by the Japanese who were arrested in Shanghai in connection with their action in attacking and partially burning the Chinese San Yue Towel factory, which incident was used by Admiral Shiozawa as an excuse for his disastrous attempt to seize Chapei:

> The Greater Shanghai City Government report regarding the attack on the towel factory, the night after the Japanese priests were beaten on January 18th, says: "Some fifty Japanese young men, armed with clubs and daggers, proceeded to the place where the monks were attacked and set fire to the San Yue Towel Factory, it being suspected that the assailants were workers of that institution. The factory was partially destroyed. On their way back, they were stopped by the Shanghai municipal police. Thereupon they clubbed the Chinese police constables. Three of them were wounded, one dying immediately afterwards. Three Japanese were shot by the police and one of them died." Arrests were made by the Japanese consulate, and seven men have been tried in Nagasaki. One was awarded eighteen months' imprisonment, against which he has appealed, and the other six, being given terms of imprisonment with stay of execution of sentence, have got off scot free. Considering that the attack on the towel factory gave Admiral Shiosawa his opportunity of making Shanghai the scene of a struggle that has cost many thousands of lives and many millions of yen there seems to be something almost frivolous in treating it as though it were a mere casual assault.

SECRET DIPLOMACY ON THE ROUND-TABLE ISSUE

TWO conferences of foreign ambassadors with high officials of the Japanese Government have been held in Tokyo dealing with the question of a round-table conference, but aside from brief references in the newspapers there has been no official statement regarding the actual matters discussed or the final decision. The first conference of foreign diplomats in Tokyo, which was called by Foreign Minister Yoshizawa, was held on May 13 on which occasion the newspapers reported that the Japanese Government had proposed that the Powers, or at least America, Britain, France and Italy, in association with Japan take steps toward the creation of a "free-city" and "demilitarized zone" at Shanghai. Mr. Yoshizawa requested the ambassadors to bring the matter to the attention of their respective governments and hinted that in the event China refused to call such a conference, the meeting be held in Tokyo.

On June 8 Admiral Viscount Saito, Premier and Foreign Minister, called another conference of the foreign ambassadors and again the question of a Shanghai "round-table" conference was discussed, the foreign representatives presumably on this occasion communicating the views of their home governments to the Japanese Government. Admiral Saito also took advantage of the occasion to inform the ambassadors that the present Tokyo cabinet maintained the same views as its predecessor on the round-table issue—that immediate steps should be taken to create a "free-city" and "demilitarized zone" at Shanghai. According to a report of this meeting which appeared in *The Asahi* (translation from *Japan Chronicle* for June 10), the various foreign governments "agreed that although they have no objection whatever to the round table conference, they fear that in view of the present international situation and other circumstances, a speedy convocation would not be conducive to the best interests; hence it would be better to defer the meeting." Commenting further on the subject, *The Asahi* said it was noteworthy that there was "some disparity of views between Britain and America on the one hand and France and Italy on the other, in the degree of their enthusiasm over the conference." In other words, France and Italy allegedly are "more eager" for the round-table conference to be convoked at once, while American and Britain suggested it might be better to wait a while.

The latest on the subject was a dispatch circulated in Shanghai by the French *Havas Service* (June 13) which quoted the London *Daily Telegraph* as expressing surprise at the "concerted demarche" made by the foreign ambassadors in Tokyo "with a view to the adjournment (postponement) of the Shanghai round-table conference." The London paper attributed this action to the fact that the Japanese Government had proposed a limitation on China's representation at the round-table conference, while the United States had recommended that in the event the conference was held, China should participate on an "equal footing" with the other Powers. It also was feared that if China was "fully represented" at the round-table conference, she might take advantage of the occasion to raise the entire Manchurian issue. This, in the opinion of the *Daily Telegraph*, "would provoke a controversy between the United States and Japan," hence it apparently was decided to postpone further discussion. Does this mean the complete dropping of the idea for holding the Shanghai round-table conference, which received much local attention as a result of a proposal secretly circulated to the various local chambers of commerce by the newly-formed British Residents Association, the chairman of which is Mr. H. G. W. Woodhead?

JAPANESE FARMERS DESCEND ON TOKYO, DEMAND RELIEF

THERE is a strange parallel between Washington and Tokyo in that, in the former capital American war veterans are gathering to petition the Government, while in the latter it is impoverished farmers who are asking the Government to help them. There, however, the parallel ends, as, however deserving of help the American war veterans may be the fact remains that they have been helped very decidedly on previous occasions, and the great majority of them probably squandered the money. Now that the money which was advanced on account of their bonus has been mostly spent for second-hand motor cars and the like they have organized to make another "raid" on the U. S. treasury. As regards the Japanese farmers, or peasants, or agrarians—all referring to people who till the soil for a livelihood—the situation is quite a different one. For most of them it is a question of life or death. A petition, signed by the leading farmers in some of the prefectiveh in the northern part of the main island, recently presented to the Diet, said among other things:

> "Conditions are so bad that they present a serious national problem. The primary school teachers in several villages have not been paid for many months. The young men are unable to find wives, as young girls have been either sent away to other districts by their parents to find some sort of employment, or have been sold to brothels."

It is a pitiable spectacle indeed that while the Japanese Imperialists are sending the soldiers abroad to extend the Mikado's dominion the people at home are brought to such depths that they have to sell their own flesh and blood. The mere fact that the Japanese militarists are stated to have the interests of the Japanese agrarains at heart in no way changes the situation. Indeed it is probably more nearly the truth to say that the militarists foresaw the agrarian storm that was coming and engaged in the Manchurian adventure with a view to diverting the attention of the populace from the desperate conditions within the country—but so far with little success. The Japanese farmers, in their petition, have asked for a three-year moratorium of all debts, a fund of Yen 60,000,000 to purchase fertiliser, and a further sum of Yen 50,000,000 for encouraging emigration to Manchuria which is now being looked upon by many Japanese as the "promised land" although the Japanese themselves have doubts as to whether they will be able to compete with the much-harder-working and hardier Chinese and Koreans.

It is not often that any Japanese parliamentarian speaks out, but the staid precincts of the Japanese House of Peers resounded on

June 3 with the ringing criticisms of one Motojiro Sugiyama, a Labor member, who declared that the present Saito Cabinet (which is a sort of hodge-podge of two parties) "is a reactionary ministry which embodies the alignment of the old-established parties, bureaucracy, the Mitsui and Mitsubishi interests and other capitalistic interests which hardly deserve the name of a national government." Mr. Sugiyama went on to say that the Wakatsuki Cabinet was entirely dominated by the military on the Manchurian issue and that the Inukai Cabinet "was virtually a robot in the hands of the military leaders." He said that the Tokyo outrages of May 15 had the effect of "betraying the unsteadiness of the political organism of the ruling elements in Japanese society." He then described the dire straits of the agricultural communities and pointed out that the official unemployment statistics given out by the Japanese government are not reliable. He ridiculed the official idea of encouraging the return of unemployed in the cities to the farms and demanded the government's intentions in respect to relieving the "overwhelming debt of 6,000,000,000 yen" which rests on Japan's agricultural population. Specifically he demanded that something definite and practical be done at once to relieve the farmers. Nothing could better testify to the really desperate condition of Japan's interior economy than these stirring remarks by this fearless Labor member.

That there is something radically wrong with Japan's social and economic system all thinking Japanese agree, but a solution is nowhere in sight. The reformers are of two opposite types, namely the Communists who would approximate the Russian example, and the so-called Fascists who lean more to the Italian type. As the Tokyo correspondent of the *North China Daily News* recently pointed out, Japan to-day is hungering for a Moses who will show her the Promised Land, for a doctrine that will give her more spiritual solace and consolation, for a form of life that will bring happiness within reach of all. These aspirations prompt that rather ridiculous phrase of the military: "We want to make the new Manchurian state a Happy Valley, a Paradise." But the practical mind will wonder when Japan will achieve her material aspirations so long as China remains sullenly and latently hostile, so long as China refuses to have any real business relations with Japan. Japan's financial structure is in a very dangerous condition and the passive resistance that China is offering, largely in the shape of the boycott, is making the position daily more unstable. As for Manchuria relieving the wants of the average man in the street, the real truth is this: Business in Manchuria is absolutely paralyzed and will continue to be in a sad condition so long as hostilities obtain and unrest prevails.

This matter of relieving the agricultural population in Japan has assumed such important proportions that the sub-committee of the Diet members investigating this question precently passed a resolution proposing that the Government should be urged to call another extraordinary session of the Diet within two months, at which special consideration would be given to legislation aiming at a fundamental readjustment of the people's debts particularly in the agricultural districts.

That conditions in the agricultural districts of Japan affecting the entire mass of peasant farmers and villagers is similar to conditions which prevailed in France prior to the French revolution, was the declaration of Nakano Seigo, a well-known "fascist" agitator in a recent address delivered in Kobe. Mr. Tokutomi, writing in the *Mainichi* declared that there is "something restive, depressing and even dangerous in the general atmosphere of Japan at the present time." He declared that the depression has permeated into the flesh of society more deeply than ever and that anger can be noted in the faces of the people at large, but especially those in the country districts. Other writers in the current newspapers and magazines have also called attention to the fact that the attempt of the country's political and business leaders to create an impression of modernity by developing the great city of Tokyo has had the effect of pauperizing the rest of the country. It was declared that the vast concentration of people in the capital city was creating a highly dangerous situation leading in the direction of revolution.

JAPAN'S ASSAULT ON CHINA'S CUSTOMS SERVICE

THE Japanese overlordship of Manchuria has now reached the point where it is beginning to "hurt" in distant quarters. So long as it was only the Chinese who had to bear the brunt of the Japanese invasion, with its incidental brutality and intimidation, the other Powers looked on with considerable perturbation; but as it was after all a matter which concerned the Chinese mostly, so why worry much about it? However, the Japanese control in Manchuria is on the point of touching a particularly sore spot. A recent telegram from London spoke of the rumored impending appointment of a Japanese Inspector-General of Customs in Manchuria. Such a maneuver on the part of Japan, in the words of *Reuter*, has caused serious misgivings in British and Far Eastern mercantile cricles, as it is believed that this move might be followed by a tariff system detrimental to the Powers and, furthermore, disrupt the whole of the Chinese Customs service.

If the Japanese invoke a discriminatory tariff in Manchuria they will close the "Open Door" even more effectually than they have up to this time. Even without controlling the Customs, the Japanese have very effectively throttled the business of American, British, German and other foreign firms in the Three Eastern provinces, and a great many of them have already closed their doors, or are preparing to do so. Two large American firms handling machinery and electrical products have been particularly badly hit. Up until the time of the Japanese invasion they did a thriving business in the supply of electrical material and machinery to the Chinese electrical and manufacturing establishments in various parts of Manchuria. Now the Japanese have forcibly closed down these plants, in particular the municipal electric light and power plants, and insist on the municipalities taking their current from the Fushun Power Company.

American banking activities have also been badly hit by the Japanese invasion. The Mukden

manager of a large New York bank recently handed in his resignation and is shortly returning to the United States, as he sees little hope of developing any American banking business in Manchuria in the future under existing conditions. Previously his bank served as depository for the large Chinese government and provincial banks in that region but now that the Japanese have taken forcible control of the government, all deposits are kept in Japanese banks.

The heavy hand of the Japanese is felt in many directions. Orders for steel rails for the railways in Manchuria under Chinese management were usually advertised beforehand. Now that the Japanese have seized control, the orders go to Japan without previous notice. The actual present loss to American business enterprise in Manchuria has, it is true, been comparatively small, as the American business had not assumed very great proportions, but the majority of the American firms had worked on the principle that it was worth while to keep up an organization for the sake of the large business which was bound to come in the future. But the Japanese regime has killed the prospects of American business for the future very decidedly. Where the Japanese have taken a particularly unfair advantage has been in the matter of the exploitation of mineral and agricultural lands. Large tracts of lands previously owned by Chinese officials which were gradually being opened for Chinese settlement, have been ordered sold to large Japanese land-holding companies principally for the settling of Korean immigrants.

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The putting into power of Japanese "advisers" in all branches of the Manchukuo government has also had an "oblique" effect, that is, with the Japanese being "in the know" in connection with every new project, the Japanese firms have been getting advance information and specifications so that European and American firms would have no chance at any rate, even though they had not been frozen out by other means. Even with the customs administration as it is, it has been frequently charged that the Japanese officials connive at the great deal of smuggling that is being carried on by Japanese, thus allowing a large quantity of Japanese cargo to get into Manchuria duty free. If the Japanese, as it is rumored, in the end will force a separate Customs establishment for Manchuria, the unfair advantages reaped by Japanese smugglers in their competition with the legitimate traders, and particularly those of other nations, will be greatly intensified. It is therefore no wonder that Great Britain in particular is watching the customs situation in Manchuria very closely.

An example of how non-Japanese firms are discriminated against is furnished by a correspondent at Harbin who calls attention to the actions of the Japanese military and naval authorities. This correspondent recites the experiences of Wassard & Co., a large Danish bean exporting company, who desired, after the suspension for the winter period, to resume their business through the Commercial Agency of the C. E. R; whereupon a naval official accompanied by a representative of Kokusai Unio, a Japanese firm, appeared and gave orders preventing the chartered vesels necessary for carrying out the work from being brought to the section of the Sungari embankment at the disposal of said Danish firm. The representative of the Railway Commercial Agency in charge of the embankment protested against the interference, but to no avail. The official said that they would take the whole embankment and the business under their control. The result of the Japanese action is greatly to discriminate against the operations of non-Japanese firms.

That the Japanese mean business in this matter of controlling the customs administration in Manchuria independent of the rest of China is indicated in a recent Japanese press message which points out that there is "no such post as Inspector General of Customs in the Manchukuo Administration," and therefore there could be no truth in the allegation that a Japanese Inspector General of Customs was being appointed. What is happening, the Japanese press message carefully points out, is that the Manchurian Government has already made it known that it intends to establish a "Bureau of Customs," and therefore there is no necessity for an "Inspector General," Japanese or any other nationality.

The British Foreign Office, according to a telegram from London June 10, has so far declined to comment on the reported plans of the new Manchukuo Administration to appoint a Japanese Inspector-General of Customs. The *Manchester Guardian*, which from the beginning has taken a most decided stand against Japan in reference to its adventure in Manchuria, on June 10 printed another editorial article demanding international intervention. The transference of the Manchurian customs to Japanese control, it says, would announce to the Assembly of the League of Nations what Japan thinks of the resolution of March 11, "but the Assembly cannot surrender or go back on itself."

NITOBE LEARNS U. S. POLICY DIRECT FROM HEADQUARTERS

DR. INAZO NITOBE, Japanese publicist who was compelled to make a written apology to the Japanese military clique for a statement he made that the militarists were as dangerous as the communists, is now in the United States. According to a report which appeared in the *Osaka Mainichi* on June 5 Dr. Nitobe told Col. Henry L. Stimson, Secretary of State, that the world is frequently led into the erroneous belief that Japan is essentially a militaristic and warlike nation "just because she is backed by efficient national defense." Dr. Nitobe saw Col. Stimson and discussed Japanese-American relations on June 2, on which occasion Col. Stimson declared, "My primary concern is to see that the Kellogg and Nine-Power Treaties are respected by all the signatories. Intervening in Japan's policy was the last thing I had in mind. My sincere desire is to dispel whatever misunderstanding there may be between the two countries." Following the interview with the Secretary of State, Dr. Nitobe was entertained at luncheon by Ambassador Katsuji Debuchi, the luncheon being attended chiefly by leading newspapermen and correspondents. On this occasion, according to the *Mainichi* report, Dr. Nitobe "strove hard to enlighten the pressmen regarding the real situation in the Far East."

While in Washington, Dr. Nitobe also called on President Herbert Hoover and had a 7-minute interview. The report in the *Mainichi* regarding Dr. Nitobe's interview with President Hoover was to the following effect:

"My keen concern over the Japanese-American relations and my earnest desire to study the American sentiment toward Japan, are what have brought me over to America. We Japanese have great respect and admiration for your accomplishments and personality and I, for one, wish for your continued good health and happiness."

The President, after expressing his thanks, made allusion to the growing tendency toward violence in many countries of the world, declaring:

"I wonder how soon this deplorable tendency will cease? Your country has been affected also, has it not? The recent assassinations shocked and dismayed us all. In this respect America and the European countries are little better.

"In the death of Premier Inukai, your country has lost one of its ablest public servants, well versed in internal and international politics. I wonder what your leading thinkers propose to do with their country in the future?"

I assured the President that detestable as assassination is, Japan is not lacking in men capable of carrying on the work left by the departed leaders and I told him that I did not imagine Japan would undergo a very radical change, internally or externally.

Good Men Needed

"The world cannot have too many good men at any time," continued the President. "We are in greater need of able men now than at any period in the past, for we have so many perplexing problems to solve."

It was my turn to express surprise.

"I wonder what it was that makes Your Excellency, who heads so immensely rich a country as America, turn a pessimistic outlook on the future in that manner?" I asked. "While on the train I read your message to Congress. I was astounded by the extreme uneasiness manifested in that message."

The President nodded his assent and remarked:

"Peace is what the world wants and I don't understand the Powers' mad race for armament. You can trace the present chaotic economic structure directly to the war. If another war comes, I do not know what to do. As I say, peace is my watch-word."

"Of all countries in the world," said I, "America is in the best position to contribute to world peace. For the sake of the peace of the world, I ask that you take unusually good care of yourself."

The President complimented me by saying that I would be as good a man as any to promote the amity between the two countries, because of the host of friends he said I have. Our interview lasted about seven minutes, during which I could clearly appreciate his keen concern over the world situation.

Although the information was suppressed in Japan and only became known through correspondence from Japan published in newspapers abroad, particularly in London, Dr. Nitobe had a narrow escape from assassination at the hands of the same gang which was responsible for the other murders of prominent men. After Dr. Nitobe had made his address wherein he declared the military clique was as dangerous as the communists, he was summoned before a meeting of one of the military organizations and an apology demanded. Dr. Nitobe appeared before the organization and made an explanation of his remarks, but did not actually apologize. Shortly after this Dr. Nitobe went to the St. Luke's hospital in Yokohama for his health and according to reports from Japan a gang of "ronin" invaded the hospital and compelled Dr. Nitobe to accompany them to a place where a meeting of reservists was being held where he was compelled to sign a written apology in order to avoid a beating or possibly assassination. Immediately after that experience, Dr. Nitobe sailed for the United States for the announced purpose of conducting a lecture tour.

HOW JAPANESE POLICE HOLD PRISONERS WITHOUT TRIAL

THE Japanese Barristers' Association, according to a report in the Tokyo newspapers, has brought to the attention of the Diet the serious situation which exists in Japan with regard to the holding of prisoners for long periods without trial. The report stated that the laws of most countries provide for the preliminary examination of arrested persons to be completed within twenty days, but in Japan it is not unusual for months or even years to elapse before the prisoner is examined and in the meantime he is confined in jail and refused counsel. The Japanese law provides that an arrested person may not be detained longer than thirty days without being brought up in court for a preliminary hearing, but the police get around this regulation by a curious practice whereby the prisoner is released after thirty days, but only to be re-arrested by the police of another station. In this manner a prisoner may be held for weeks and months and even years without ever being brought to trial. It frequently occurrs, according to the declaration of the Barristers' Association, that prisoners later found to be entirely innocent are discharged from jail in a dying condition due to the insanitary nature of the jails wherein they are incarcerated. The Barristers' Association has succeeded in obtaining the passage of one law which it is hoped will bring some improvement. This law provides that a prisoner who has been detained beyond the legal period and who is later found to be innocent, may bring an action for compensation at the rate of four yen a day covering the period of his illegal incarceration. The abuse of police power has been especially serious in the case of students and other youths charged with harboring "dangerous thoughts," it being stated that hundreds of such young persons, men and women, are being held in the jails of Japan for week and months without ever being brought up for trial.

"DANGEROUS THOUGHTS" IN THE BRITISH SUPREME COURT

WHAT may be correctly described as "dangerous thoughts"—to use an expression which appears in the newspapers in Japan every day, and in the columns of the *Japan Chronicle* always in quotation marks—were introduced into the arguments of a lawyer from London in the British Supreme Court June 10 in the course of the argument in the Hardoon will case. To show how "dangerous" they were it may be mentioned that the Judge remonstrated and all other counsel in the case asked to be dissociated from the arguments introduced by the London lawyer.

Here is the "layout." The will of the late S. A. Hardoon, wealthy Shanghai real estate man, is being attacked by two distant relatives, one of the claimants having made an attempt of this kind several months ago and failed. Now when another claimant has come along, one Ezra Abdullah Hardoon, claiming to be a cousin of the deceased, represented by Mr. H. P. Wilkinson, the former Crown Advocate, and whose father was a former British Supreme Court judge in Shanghai, and makes the attack in a much more concentrated form, the former claimant Isaac Silas Jacob Hardoon who hails from Bombay, has

again come into court with a lawyer from London, Mr. H. B. Samuel, as his chief counsel, and been granted the privilege of being a co-plaintiff.

The lawyer from London, not feeling the inhibitions which counsel in Shanghai may feel, has fortified his case with views which the senior British daily newspaper characterizes as "startling." The two plaintiffs are trying to prove that the late Mr. Hardoon, who was what is known in common parlance as a Baghdad Jew, was never legally married to his wife, who is a Chinese woman, and to whom he left the bulk of his estate. They are also trying to prove that the late Mr. Hardoon was not entitled to registration as a British subject, and a Foreign Office document was introduced which stated that he had been incorrectly registered. Back of all this was the attempt of counsel for the two plaintiffs to prove that as the deceased was a native of Irak (Mesopotamia) the law of succession of Irak must apply. It was in support of this submission that Mr. Samuel enunciated what are described above as "dangerous thoughts." *The Review* has no interest in the outcome of the Hardoon will case, but as Mr. Samuel's remarks on local questions are pretty much in line with what have appeared in these columns on previous occsaions, most of his remarks are presented here almost verbatim as they were reported in the British official organ, the *North China Daily News*. Mr. Samuel's argument was that the domicile of the deceased was Iraq and that he could not shake that off no matter how long he lived in Shanghai, the status of which he proceeded to discuss. The main points of Mr. Samuel's attack were that the Shanghai Land Regulations were contrary to treaty, that an independent government (the Shanghai Municipal Council) had been developed at the expense of the theoretic government (the Chinese), and that the local foreign government has maintained what is more or less a standing army, partly paid and partly unpaid, assisted by a body of white Russian mercenaries. The arguments of Mr. Samuel as they related to local questions were as follow:

Mr. Samuel—The Land Regulations of 1869 were contrary to Treaty, as the Regulations they supplanted could only be extended by the consent of the Chinese authorities, and that was dispensed with.

Mr. Samuel said later:—"It is a matter of common knowledge that the Regulations of 1899 were never sanctioned by Peking, but they were communicated to the Taotai by the Senior Consul and the Taotai washed his hands of the whole matter, so they had not the sanction of the Chinese authorities. The Chinese Government is a very junior partner, because the essence of sovereignty is the power to legislate and the Chinese Government has no power to in any way tamper with the sacrosanct nature of these Regulations. Taking the thing as a whole, it really amounts to no more or less than an independent government with strong budgetary fiscal powers developed at the expense of ousting the fiscal powers of the theoretic government."

Mr. Samuel added that there is no treaty by which China gave permission for the exercise of the right of government.

Mr. Wilkinson—I quite appreciate the argument, but I object to the raising of these political questions, which are not at all necessary, and I dissociate myself from the argument.

Mr. Samuel—Everyone knows what took place. It is also common knowledge that the government of this region, from which the Chinese jurisdiction has been ousted, in order to consolidate their position and prevent Chinese jurisdiction being effective have maintained what is more or less a standing army, partly paid and partly unpaid, assisted by a body of white Russian mercenaries.

Mr. Potter (counsel for Mrs. Hardoon)—I must join with Mr. Wilkinson in dissociating myself from these arguments. Perhaps the merciful view is that my friend is ignorant of the circumstances out here.

The Judge (Sir Peter Grain)—You have made your point, Mr. Samuel. It is a Settlement belonging to the Foreign Powers, in which the Chinese have no authority. If you go on, I cannot stop you, but it is regrettable that you find it unavoidable, if you do find it so. Why is this necessary?

Mr. Samuel—My only reason is to show that the expense of keeping the Russian Detachment is a charge on the International Settlement and that such charge did not emanate from the Land Regulations; nor the Artillery, which it is also common knowledge is a part of the machinery of the Defence Forces. It is common knowledge that these forces are kept and organised to safeguard the Settlement from any incursions by Chinese troops.

The Judge—You have not mentioned that part of the Volunteer force is composed of Chinese and I believe it is a very efficient Company indeed. They have been employed whenever there has been trouble, to protect the Settlement.

At later sittings of the Court the Judge and opposing counsel emphatically rejected the insinuation that the Volunteer Corps was for the purpose of preventing the Chinese to regain jurisdiction over Shanghai; also taking the point of view that the status of British subjects in Shanghai depended not on the status of the Settlement, but on the treaty between Britain and China.

JAPAN ON THE EVE OF RECOGNIZING MANCHUKUO

JAPAN'S political hold on Manchuria has been further strengthened by the appointment of Count Uchida, president of the South Manchuria railway, as Minister of Foreign Affairs. The post was offered to him by Premier Saito during last week and was accepted by him at the beginning of this week. Count Uchida, immediately that the post had been offered him, proceeded from Manchuria to Tokyo and interviewed the Premier. Count Uchida is 66 years of age. He saw his first diplomatic service abroad in 1887, when he was appointed an attache at Washington. He has in the intervening years served in the legation at Peiping and has held the position of Minister to the United States, Minister to Austria and Minister to Russia. He has been Foreign Minister of Japan on three different occasions since 1911.

Although the formal recognition of the new State of Manchukuo had not yet materialized at the time of writing, the reports from Tokyo indicated that this formality would not be held off much longer. The Japanese telegrams stressed the point that opinion in favor of an early realization of such a policy is now increasingly expressed in many authoritative quarters. General Honjo, Commander-in-Chief of the Japanese army in Manchuria, is said to be urging the necessity of immediate recognition of Manchukuo "in order to stabilize the people's mind in the new State." Certain members of the Minseito held a meeting in the Diet on the afternoon of June 11, when an agreement was reached to introduce a resolution to the present session of the Diet urging the immediate recognition of the new regime in Manchukuo. Seiyukai M.P.'s at a special meeting on June 10 unanimously adopted a resolution asking the Government to recognize the new regime "without delay." The Foreign Minister of the

Manchukuo, Mr. Chieh Shieh-shih, is represented by the Japanese news services, as "exerting a serious effort to secure for his Government an early Japanese recognition, and has seen a number of the important Japanese in Manchuria, including Lt.-General S. Honjo and Count Y. Uchida concerning the matter."

In the meantime the Japanese are doing their utmost to consolidate their economic position, with the aid of the Central Bank of Manchukuo, the president of which is to be Mr. Yung Hou, former director of the Finance Bureau of Kirin Province. The Vice-President it is understood will be Kyoroku Yamonari, former director of the Bank of Taiwan. The board of directors, whose formal appointment is expected shortly, is to include Mr. Fukuo Takeyasu, former manager of the Dairen Branch of the Bank of Chosen; Mr. Isoichi Washio, former manager of the Dairen branch of the Yokohama Specie Bank; Mr. Tamotsu Igarashi, of the South Manchuria Railway, and Messrs. Liu Chu-jou and Liu Shih-chung.

The currency act and central bank act of the Manchukuo Government was promulgated during the week. The unit of the Manchurian currency will be called "yen" and will be equivalent to 23.91 grams of solid silver, with a required minimum of 30 per cent. reserve against the total paper-money issue. The reserve may consist of silver and gold bullion and foreign currency and also cash deposits with foreign banks.

ANTI-MANCHUKUO FORCES CONTINUE TO WORRY JAPANESE

DESPITE the concentration of additional Japanese forces in North Manchuria, including a large proportion of the troops which were withdrawn from the Shanghai area, the Japanese army continues to have a hard time of it. Manchuria is a pretty large country and the Japanese army has to deal with a generally hostile population. Whenever the Japanese begin to spread out they find their lines spread out very thin indeed. No sooner have they got the upper hand in one area than disturbances break out in some other quarter. The illy-equipped anti-Manchukuo forces are not able to achieve any permanent successes or to carry on any major military operations, but they are able to keep the Japanese and their supporters very much worried and are also able to inflict very considerable damage. An example of how far the Japanese are from having the situation in hand even along the railway occurred on the night of June 10 when anti-Manchukuo forces attacked the line only eight miles south of Harbin, disrupting the traffic for two hours, and inflicting considerable damage before they were driven off. Anti-Manchukuo forces recaptured the town Pinhsien, 50 miles to the east of Harbin during last week, the Manchukuo forces retreating towards Harbin. The situation at Harbin has become so critical that martial law has been declared. The Japanese military there are conducting a rigid search of all pedestrians. General Ma Chen-shan's forces have also still to be reckoned with. Their left wing has established headquarters at Chingcheng, 33 miles east of Siuhui.

From all accounts the fighting which took place at the end of last week in the Harbin neighborhood was of a most serious character. The initial successes of the anti-Manchukuo forces against the Japanese seem to have been due to some of the Manchukuo forces at the critical moment deserting their Japanese masters and going over to the other side. This necessitated a temporary retreat on the part of the Japanese, but they reformed a few hours later and launched a successful counter attack. The "front" of the battle, as reported by *Reuter*, extended from a point five miles east of Harbin to a point four miles south of the city. The residents of Harbin had the worst scare since the beginning of the Manchurian episode, and a traveller from Shanghai who had just arrived in Harbin is stated to have remarked that the commotion was as great as it previously had been in Shanghai.

There have been, in addition to this important encounter near Harbin, a number of the usual desultory encounters at various points. Belated announcement was made of the results of severe fighting which took place on June 10 at Kaipenchen, north of Hailun, in which Captain Marimoto and six other Japanese were killed. The anti-Manchukuo forces are stated to have lost 50 men.

The Japanese police at Harbin beginning of the week arrested four Chinese alleged to have been implicated in the dynamiting of a Japanese troop train east of that city on April 13, when 13 officers and men were killed and more than 50 injured. The arrested men were taken into custody at Chenkaotsu, a station on the Chinese Eastern Railway 13 miles east of Harbin. General Ma Tsung-tsun, an alleged agent of Marshal Chang Hsueh-liang, was arrested recently. He is said to have been conveying large quantities of munitions to the anti-Manchukuo forces and is also reported to have been connected with terrorist organizations.

One of the sequels to the departure of the League Commission of Inquiry from the Northeast, was that Japanese troops began moving "secretly" into Jehol. Four hundred of them have arrived at Lingyuan, which is 120 miles east of Chengte, the provincial capital of Jehol, and about 90 miles south-west of Chaoyang, the terminus of the Chinchow-Chaoyang branch railway. *Kuo Min* reports that a short-wave radio station has been erected by the Japanese at Lingyuan for the transmission of messages.

Belated news from Peiping states that General Ma Chan-shan, Chairman of the Heilungkiang Provincial Government, summoned a military conference at Peianchen on June 8 during which further plans were made concerning the campaign against the Japanese. It was decided that in order to reap the best results, guerilla tactics will be adopted hereafter by the Heilungkiang units.

General Ma's forces, totalling more than 50,000, are distributed along the Tsitsihar-Keshan and Hulan-Hailun Railways, the lower reaches of the Sungari River and the north-eastern part of Heilungkiang; 5,000 men under General Tsai Hung-yu and Li Tien-te have been reorganized at Hsinghuachen. north-west of Hailun.

Chinese students who recently returned to Changchun from visits to Tientsin and Peiping are quoted by the Japanese news agencies as reporting that the officials under Chang Hsueh-

liang in the Peiping-Tientsin area are extremely antagonistic towards Manchukuo. General Chang, these students report, is fast recruiting soldiers now for the purpose, it is said, of fighting the Japanese in Manchuria. Any one who succeeds in recruiting 100 men is made a "colonel" of the Army. The former Manchurian war-lord is stated to have about 150,000 armed soldiers in Peiping, Tientsin, and their adjoining districts. General Wan Fu-lin, former head of Heilungkiang province, continues to be the Chief of Staff of General Chang Hsueh-liang.

A *Kuo Min* telegram from Peking June 9 stated that one regiment attached to the cavalry brigade under the General Cheng Chih-yuan, puppet chairman of the Heilungkiang provincial government, mutinied on the night of June 7. Shots were heard from all directions causing great confusion at Tsitsihar, the provincial capital of Heilungkiang. Eighty men belonging to the local Japanese garrison were shot to death on the spot while 23 important officials of the puppet provincial government shared a like fate. Two hours later, the mutineers left the city and proceeded to Paichuan to join General Ma Chan-shan.

China's "Definite Steps" Toward Resumption of Relations with Soviet Russia

MR. WANG CHING-WEI, chairman of the Executive Yuan, following a conference with Mr. T. V. Soong and other government leaders in Shanghai on June 9 announced that the National Government had reached a "definite decision" on the question of resumption of diplomatic relations with Soviet Russia. Mr. Wang also stated at the same time that this did not mean that there would be any greater toleration for communism than prevails at the present. On June 11 Mr. Shen Chin-ting, chief of the Asiatic Department of the Nanking foreign office, stated in the course of an interview which was circulated through the official *Kuo Min* service that the Government had "decided upon definite steps," in connection with the resumption of relations with Russia. Then on June 13 a further report was issued through *Kuo Min* stating that the Government had instructed Mr. Mo Teh-hui, chief delegate to the Sino-Soviet Railway Conference to return to China in order to receive detailed instructions with regard to the proposed resumption of relations with the Soviets. The Nanking Foreign Ministry also cabled Dr. W. W. Yen, chief delegate at Geneva instructing him to sound out the various Powers regarding the proposed Sino-Soviet rapprochement and also advising him to keep the Government informed of international reactions on the same matter.

The Government's decision to approach Russia on the matter of resumption of relations apparently was taken at a meeting of government officials held in Nanking on the morning of Tuesday, June 7 prior to Gen. Chiang Kai-shek's departure for Hankow. This apparently was responsible for premature reports circulated in Shanghai that China and Russia already had resumed relations and that the matter of a military alliance was actually under discussion. It was even reported that Mr. Wang Ching-wei had secretly met Russian emissaries while on his recent trip to Shanghai. However, the statement by Mr. Shen Chin-ting of the Asiatic department of the foreign office apparently cleared up the matter for he stated in his interview that China first would propose the conclusion of a non-aggression pact "designed to preserve and consolidate international peace," China's chief desire being to "enhance the purposes of the League Covenant and the Anti-War Pact."

Mr. Shen's statement that the situation on the Chinese-Eastern Railway "was not the motive for the conclusion of such a pact," was not altogether convincing because there appears to be considerable circumstantial evidence that the railway issue as well as the critical nature of Sino-Japanese relations are the real propelling motives. The increasing seriousness of the situation in Manchuria with the threat of Japan's early recognition of the puppet Manchukuo regime plus the appointment of a Japanese Inspector General of Customs, has had the natural result of bringing China and Russia together, the situation not being greatly different from that prevailing in the United States where the resumption of relations with Russia is being considered as an offset to Japanese activities in China. In both China and America the feeling is growing that the best way to circumvent Japanese aggression and treaty violation in respect to Manchuria would be for both countries to resume normal diplomatic relations with the Soviets. A further element which is making it desirable to bring Russia into the picture is the forthcoming session of the League in September at which time the Lytton Commission will make its complete report on the Manchurian situation. While the League Commission was engaged in its investigation of conditions in Manchuria a proposal was made to Moscow to permit the official Soviet representatives in Manchuria to appear before the Commission and give testimony, but Moscow refused this request on the grounds that there was no Russian representation on either the League or the Lytton Commission. A resumption of relations between Nanking and Moscow would tend to rectify this situation and at the same time bring to China's assistance the powerful help of Russia which country has a larger interest in Manchuria than any other nation outside of China and Japan. Also it would tend to further isolate Japan and in a measure offset French influence which has been largely on Japan's side on the Manchurian issue.

Another disturbing element which has caused serious concern in both Nanking and Moscow has had to do with the status of Chinese consuls stationed in the Rusian cities and towns along the Siberian-Manchurian border. Heretofore these consuls have been appointed by the Nanking Government, the selections however, usually being either recommended by or at last approved by Chinese officials in Manchuria. This system has prevailed in the past due to the fact that most of the work of Chinese consuls in Siberia has been concerned with immigration and trade

matters of special interest in Manchuria. Recently the Japanese military authorities in Manchuria compelled the new Manchukuo puppet state to repudiate the Chinese consuls in Siberian cities who had been appointed by Nanking and demanded that Manchukuo appoint its own consuls. The Soviet Government finally agreed to this, but declared at the same time that this did not imply Soviet recognition of the Japanese puppet state. Now, according to a report in the *Manchuria Daily News* (Japanese organ), the Japanese Government has demanded the right to station a Japanese vice-consul in each of the Manchukuo consulates at Vladivostok, Chita, Blagovestchensk, Irkutsk and Habarovsk. The Soviet authorities are disturbed at this new development because of the fear that these Japanese vice-consuls attached to the Manchukuo consulates in Russian territory would be nothing more nor less than Japanese military espionage officers.

With regard to French support of Japan on the Manchurian question there have been several recent reports from Tokyo, Washington and European capitals hinting at secret deals between Tokyo and Paris whereby France might try to dispose of her alleged bonded interest in the Chinese Eastern Railway to Japan. A report from New York which appeared in *The China Press* on May 28 alleged that the Japanese Government was trying to purchase the claim of the Franco-Asiatic bank to the title of the Chinese Eastern railway. A further report from Tokyo on June 7 (*Reuters*) stated that a representative of the Franco-Asiatic bank who had been in Tokyo for some time had departed for Manchuria with the object of *discussing with Manchoukuo and the Soviet authorities the question of French rights and interests in the Chinese Eastern line in which a share in the directorate will be sought.* Finally, there was a report published in the well-known Japanese paper, *The Asahi*, stating that the French Government had approached the Japanese Government with a request for Japan's intermediation for a loan 300,000,000 francs (about 25,000,000 yen) to the Manchukuo Government to finance economic reconstruction work. The report stated that France would be willing to advance the money to Manchukuo providing Japan would guarantee the loan.

The Chinese Eastern Railway which cost originally G.$225,000,000 was largely financed by loans placed by the old Czarist Government in France, the railway's financial organ being the Russo-Asiatic bank which had branches throughout the Far East and in Russia and France. When the Soviet Government came into power one of its first acts was to repudiate the old Czarist debts, including the debt to France concerned with the financing of the C. E. R. Later on when China resumed relations with the Soviets the Russo-Asiatic bank was liquidated, but the French claimed that they had obtained possession of the C. E. R. bonds which were held in the offices of the Russo-Asiatic bank in Petrograd and Paris. In 1929 when trouble developed between China and the Soviets over the control of the C. E. R., the French organized the Franco-Asiatic bank with offices in Harbin and Mukden and announced that the bank held power-of-attorney for French creditors in connection with the settlement of the affairs of the Russo-Asiatic bank which was then in process of liquidation by the Chinese authorities. This move indicated that certain French capitalists with their government's backing were trying to re-assert their interest in the C. E. R., the French always adopting the view that this railway really was French property due to French loans extended for its construction. However, both the Chinese and Soviet Russians disputed this viewpoint on the gounds that the French loans were not given to the railway directly but to the Czarist Government, hence it was up to the French capitalists to look to Moscow for their money rather than to the C. E. R. One of the provisions of the 1924 agreement between China and Russia stated that "the Government of the U. S. S. R. agrees to be responsible for the entire claim of the shareholders, bondholders, and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1917."

Since the C. E. R. passes through Chinese territory and since China has a large financial interest in the road aside from the rights conferred in the 1924 agreements with the Soviet Government, the Chinese always have denied the right of the Soviet Government to dispose of the road to a third party and have insisted upon China's right to purchase the line. As a matter of fact the long negotiations in Moscow between Mr. Mo Teh-hui and the Soviet authorities, following the Sino-Russian complications of 1929, are supposed to have largely been concerned with China's attempt to purchase title to the railway.

The recent moves in Japan to extend official recognition to the puppet state of Manchukuo, plus rumors that France has been negotiating for a loan to the Manchukuo government, has therefore had considerable to do with China's decision to resume relations with Moscow for this would enable both China and Russia to cooperate in the protection of their interests in the Chinese Eastern Railway. Should Japan go ahead and recognize Manchukuo it would open the way for Japanese agents behind the scenes at Changchun to arrange a private deal with French capitalists to hand over certain interests in the C. E. R. in exchange for a French loan. It seems rather fanciful that the French would consent to advance more money to the C. E. R., but in view of French financing of buffer states along the Russian border in Europe the suggestion is not entirely without possibilities. The French apparently have been willing to finance anything that was anti-Soviet, hence the reason for French diplomatic support to Japan and present rumors of a possible French loan to Manchukuo on the security of Japan with the chief object of getting a hand in the control of the C. E. R.

The recent book, "Revelations of a Soviet Diplomat," by Grigory Bessedovsky (Williams and Norgate, London) contains some interesting allegations regarding Soviet reactions with respect to the possible sale of the Chinese Eastern Railway. Bessedovsky quotes Stalin as saying, "If you ask me, we shall eventually sell this railway. By doing so we shall be prepared for emergencies, and drive another nail into the coffin of the groups of capitalists who are attracted to Manchuria. Remember that our presence on the railway is weakening our policy in the East. By withdrawing we shall pocket a round sum of

money, and increase the antagonism between America and Japan....The thing is to decide what buyer we can cede the railway to with the most advantage to the revolutionary cause. Personally, I think Japan...." However, there is considerable ground for questioning the accuracy of some of Bessedovsky's disclosures since this former Soviet Charge d'Affaires in Tokyo (1927) later broke with the Soviet Government when he was attached to the Soviet Embassy in Paris. An interesting review of his book by Dr. C. F. Chang appears in the April issue of the *Chinese Social and Political Science Review*, published in Peiping.

T. V. Soong Opposes Raising Funds for Military Drive Against Communists

WHETHER or not Mr. T. V. Soong, the Minister of Finance will eventually decide to withdraw his resignation and continue in office, as it has been rumored he will, his gesture of resignation has undoubtedly had a healthy effect on China's national financial atmosphere, mostly because of the very able statement which he issued explaining the reasons for his resignation, and incidentally reviewing and commenting on China's finances—also expressing very commonsense views on the subject of suppressing Communism and banditry. Mr. Soong has been to National China what Alexander Hamilton was to the young American Republic. Of Mr. Soong as of Mr. Hamilton it can be said that "he struck the rock of national credit and abundant streams of revenue gushed forth," but Mr. Soong is chary of striking the rock too often as such a process is likely to shatter it. Briefly put, Mr. Soong says that neither extra taxation nor further borrowing is feasible at the present time. The taxes have already been levied on the highest possible scale; and further taxation would have a tendency to ruin an already harassed commercial structure; indeed, says Mr. Soong, he is surprised that revenues have kept up as well as they have. To borrow still further, as Mr. Soong points out, would entail the widening of the vicious circle of meeting a deficit with short term loans. In short, Mr. Soong says that he is not in favor of raising money in the present state of China's finances to carry on a military campaign against Communism and banditry, but hints that the way to overcome them lies principally in readjusting economic conditions. Mr. Soong's statement is printed below in full:

"I was in retirement in Hangchow, recuperating from the effects of a tragic series of public and private misfortunes, when the fateful events of January 25 swept me back into office. I found the Treasury ill prepared to meet the shock of the crisis, and I had at once to take a number of extraordinary steps to restore confidence and obtain funds for the armies.

"By an arrangement with the holders of Government securities the threatened moratorium and collapse of Government finances were averted through a prompt reorganization of domestic bonds. This measure placed these securities on a sounder basis and at the same time substantially reduced the current debt charges of the Government, an achievement the success of which was entirely due to the patriotism and good sense of the bondholders. The authority of the Central Government over national finances was also sternly reasserted, so that national revenues that were being detained by provincial and local authorities again flowed into the Treasury. Simultaneously, drastic economies were systematically introduced and a semblance of cohesion and order was thus restored.

"By these measures, pushed through with great rigor and certainly not without considerable suffering, the Government succeeded in carrying on in spite of the impact of Japanese guns, and also succeeded in weathering the equally demoralizing period of armistice negotiations.

"During the last four months the Central Government has been able to balance its income and expenditure, and to dispense with borrowing. This last is a matter of supreme satisfaction to me because during the Japanese invasion at Shanghai many of our banks and financial institutions were virtually tottering (how near to collapse they were only those who were informed of the inner situation at the time realized), and if in their extremity they had been forced to support the Government with funds I feel sure that the resultant loss or confidence alone would have entailed widespread financial disasters.

"The liquidation of the Shanghai affair has closed another chapter of the national finances, and as I feel myself unequal to the strain of further office I have submitted my resignation.

"In so doing I am not unaware that the financial difficulties of the Government have by no means ended. Other and even more lasting difficulties are still in the way, although perhaps not of such an acute nature as those immediately brought about by the Japanese invasion.

"Civil expenditures, which have been strictly rationed in the past, call for more and more elbow room. But far more pressing today are the military demands for extraordinary expenditures for the suppression of communism and banditry.

"There is no denying that the first duty of the State today is the liberation of the Yangtsze provinces from the ravages of communists and bandits; and the Government has rightly charged General Chiang Kai-shek with the task. If prompt and effective steps are not taken to control this menace the existence not only of this Government but of any government would be permanently endangered. Therefore one cherishes the hope that General Chiang will put his hand to the plough, looking neither to the right nor to the left until his assigned task is done. But in taking up the question of how to raise funds for this campaign I must repeat that for the first time in its history the National Government, by rigid economy, has been able during the last four months to make both ends meet. That is the fulfilment of a dream for which I personally can not but feel too grateful, for in balancing our budget we have established a permanent foundation for constructive efforts.

"There are normally two ways to raise additional funds, from taxation and from borrowing. In present conditions trade is almost at a complete standstill, owing to the ravages and the still unmitigated effects of the flood last year, the destruction of the countryside by communists and bandits, and the whole train of misery brought along by the ruthless Japanese invasion. In these circumstances it is hardly possible or justifiable to increase revenues by additional taxation. I am in fact surprised that revenues have kept up as well as they have. Especially in these hard times, the financial man must constantly keep in view the probability of diminishing returns from higher rates of taxation.

"Failing the resource of increased taxation there is only one other course to raise funds, and that is by the usual method of borrowing. But in that course lies ruin, political instability and ultimate disaster. I have seen only too bitterly the vicious circle of meeting a deficit with short term loans, thus burdening the Treasury with new interest and sinking fund charges and automatically entailing fresh borrowing, which in its turn curtailed net income until in the end, the major portion of the revenues of the Government was absorbed by debt charges. By rigid self-denial and by the sacrifices of the bondholders, sacrifices which cannot be repeated, we have

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Greater Shanghai Municipality Plans Rehabilitation of War-Torn Areas

BY HOH CHIH-HSIANG

WITH the conclusion of the recent Sino-Japanese armed conflict in Shanghai and the withdrawal of the Japanese troops from their occupied points, the City Government of the Greater Shanghai Municipality has through its Bureau of Public Works, headed by Dr. Sheng Yi, formulated a comprehensive plan for the reconstruction and revival of the war-torn areas in and around Shanghai under the jurisdiction of the Greater Shanghai Municipality. The details of the plan after mature consideration have just been mapped out and are being embodied in a memorandum which is first to be submitted to the National Government for approval before being put into execution. The *Review* has the fortune of securing an advance copy of the plan, of which the following is a summary.

In connection with the execution of the contemplated scheme, a Preparatory Committee for the Rehabilitation of the War Areas in Shanghai and Woosung has been organized which was officially sanctioned by the National Government in a Mandate issued on June 10. Mr. T. V. Soong, Minister of Finance, has been appointed concurrently Chairman of the Committee with the following as members: Gen. Huang Shao-hsiung, Minister of Interior; Mr. Chen Kung-po, Minister of Industries; Gen. Ku Chu-tung, Chairman of Kiangsu Provincial Government; Mr. Tung Hsiu-Chia, Commissioner of Reconstruction for Kiangsu; Gen. Wu Te-chen, Mayor of Greater Shanghai Municipality; Mr. Shih Liang-tsai, proprietor of the *Shun Pao*, priemer Chinese daily in Shanghai; Mr. Wang Hsiao-lai, Chairman of the Chinese General Chamber of Commerce in Shanghai; Mr. Hu Pi-Kiang, manager of the China and South Sea Bank; Mr. Yu Ya-ching, noted welfare worker and shipping magnate in Shanghai; Mr. Chang Kia-ngau, manager of the Bank of China, Shanghai; Mr. Chang Shou-yung, vice-Minister of Finance; Mr. Lu Hsueh-pu, director of the Bank of Communications; Mr. Li Ming, manager of the Chekiang Industrial Bank and chairman of the board of directors of the Bank of China; Mr. Chin Jun-ching, manager of the Shanghai Branch of the Bank of Communications; Mr. Peng Hsueh-pei, vice-Minister of Education; Dr. J. Heng Liu, director of the Health Administration of the Ministry of Interior; and Mr. Hu Yun-chuang.

Since the outbreak of the Shanghai Affair on Jan. 28 last, the plan points out, all the districts in the north of the Greater Shanghai Municipality had been converted into scenes of fiercest armed hostilities and as a result, this once prosperous and throbbing business and industrial center has now been reduced to ruins and ashes. Following this unprecedented catastrope, it is imperative that some extraordinary measures of reconstruction should be taken in order to rehabilitate the devastated areas. However, the plan states, in the planning for reconstruction, it is not only necessary to rehabilitate the ruined areas, but considerations must also be made of the construction of the entire Municipality so as to effect thorough reforms, thereby hastening the realization of the scheme of the Greater Shanghai as has been planned. Therefore, in order to plan for the rehabilitation of Chapei, it is first necessary to remove the impediments to the municipal development—the railway tracks and the Railway Station. For the future prosperity of Kiangwan and Woosung, it is necessary to put into immediate execution the new Civic Center Plan, namely, to build trunk highways, open the new harbor, construct wharves, expand the railway lines, so as to effect a direct conjunction of both land and water communications and make the revival of the war areas a natural outcome. The necessary constructual undertakings and the estimated expenses for their execution are enumerated below under four general headings:

1. Rehabilitation of the Public Undertakings in the War Areas

During the past few years, the City Government of the Greater Shanghai Municipality has been making consistent efforts for the modernization of the three principal northern districts of the Municipality, namely, Chapei, Kiangwan and Woosung and inaugurated a well-planned and comprehensive road system in these three municipal areas. In Chapei, the Sung Park Road (in memory of the late Sung Chao-jen, a noted Kuomintang leader and parliamentarian, who was assassinated by agents of Yuan Shih-kai at the Shanghai North Station when he opposed Yuan's Monarchical attempt), Tatung Road, Paoshing Road and Paoshan Road form the principal trunk lines traversing from North to South, while the Shan-yang Road, Chunghsing Road, Jukong Road and Yenchiakuo Road are the main arteries from East to West. During the past few years, considerable progress has been made in the widening of the old roads and re-construction of the drains, however, many new roads still remain to be built, new drains to be opened up and new bridges to be constructed. During the recent fighting, all the drains and bridges east of the Sung Park Road and west of the Shanghai-Woosung railway tracks have suffered enormous damages. Hence, the present rehabilitation plan calls for not only immediate repairs to the wrecked structures, but makes it necessary to construct additional new bridges so as to meet the practical demands. The road system in the Woosung area includes the main thoroughfare along the river front of the Whangpoo, the East-to-West trunk line, the Sung-Hsing Road and the South-to-North trunk line, the Chung-Hsing Road. As a result of the recent hostilities, practically all the public structures in the town have been seriously damaged or destroyed by artillery fire. For the purpose of rehabilitation, it is necessary to make immediate repairs to them. The Kiangwan area was another scene of fiercest fighting and the east part of the main street of the town had been completely burnt down. Besides renovating the old roads, a new trunk line from North to South has to be opened up and constructed. The other municipal areas, such as Chenju, Yinghsiang etc., have also suffered serious damage and extensive repairs must likewise be made. In addition to all the above constructional measures, the City Government, in order to afford relief to the poor and war refugees, is also planning the construction of new living quarters for the poor and the building of a number of new markets in the various municipal areas. The expenses for the execution of the above constructional schemes are estimated as follows:

(A). Chapei: For repairing and building of roads, Bridges, wharves, living quarters for the poor, markets, etc, a sum of $1,500,000 is necessary.

(B). Woosung: For repairing and building of roads, bridges, markets, wharves, etc, a sum of $500,000 is necessary.

(C). Kiangwan: For repairing and building of roads, bridges, markets, etc., a sum of $400,000 is necessary.

(D). Yinghsiang: For repairing and building of roads bridges, living quarters for the poor, markets, etc., a sum of $300,000 is necessary.

(E). Chenju: For repairing and building of roads, bridges, etc., a sum of $300,000 is necessary.

The aggregate expenses for all the above undertakings total $3,000,000.

2. Construction of New Trunk Highways

In view of the importance of inter-city communications and the handicaps experienced during the recent hostilities because of lack of adequate means of communication, the City Government of the Greater Shanghai Municipality considers as an imperative need the construction of additional trunk roadways. This step is considered necessary both for reasons of improving the communication of the Municipality and as a means for the revival of the war areas. Although many new roads have been planned, the following are considered of urgent need:

(A). The North Chungshan Road: The Chungshan Road is divided into two sections: the Southern section and the Northern section. The Southern section has already been completed, extending from Lunghwa to Chapei. The Northern section to traverse from Chapei to Woosung and then to the outskirts of Paoshan has not yet been constructed. At present, the communication between Shanghai and Woosung depends solely upon the Military Road which because of its circuitous route is of considerable inconvenience. When the North Chungshan Road will be completed, it will not only form one direct line with the southern section of the

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Road, but can also link up with the Race Club Road and the North Szechuan Road. Crossing the settlement, it can run straight through to the South Railway Station, thereby forming the principal thoroughfare of the Municipality from the North to the South. The North Chunshan Road is estimated at 11,300 meters in length and 35 meters in width. If, according to the present plan, ten meters of the road surface are first to be paved, it requires a total sum of $400,000, for buying up lands and constructional expenses.

(B). The Sung Park Road and Cha-Yang Road (Chapei-Yanghang): The Sung Park Road when completed will form one of the trunk lines in Chapei and if the Railway Station is to be removed to the vicinity of Niuyingho Creek, the business section will inevitably extend further to the north. The southern end of this Road will connect with Thibet Road of the International Settlement which will constitute an important roadway to the Railway Station. From the northern end of the Road, passing through Miaohangchen and crossing the Wentsopang Creek up to Yanghang, a new road, the Chapei-Yanghang Road, is to be constructed so as to form a parallel to North Chungshan Road. Thus, a short cut way to the Railway Station from Miaohang, Kiangwan and Tazang can be made. The two roads total 12,500 meters in length and 30 meters in width and require an aggregate sum of $400 000.

(C). Chenju-Tazang Road and Shanghai-Taitzang Road: The Chenju-Tazang Road was hastily built during the war to facilitate army communication, but the road is still in a rudimentary stage and considerable work has to be done. It measures 6,000 meters in length and will form the main roadway connecting Chenju and Tazang. The trunk road line from Tazang to Liuhang has as its basis the Shanghai-Taitzang Road, a little widening of which will be sufficient for use, and is 6,500 meters long. These two new roads linking together will form the principal artery from South to North in western Shanghai and constitute a parallel line to the projected new branch railway. The total length of the two roads measures 12,500 meters with a uniform width of 30 meters, requiring an outlay of $350,000.

(D). Kiangwan-Tazang Road: The projected thoroughfare connecting Kiangwan, Hsiangying with Tazang is the Kiangwan-Tazang Road. The west end of the road connects with the Shanghai-Taitzang Road and Chenju-Tazang Road to Chenju and Nanziang, while the east end links up with Hsiangying Road, traversing the Civic Center up to the bank of the Whangpoo River and forming one link with planned Jukong Wharf. This road is to be the most important trunk line from East to West, estimated at 5,800 meters in length and 35 meters in width and involving a total cost of $200,000.

(E). Shang-Ta Road and Shi-Ta Road: The two planned new Roads connecting the Civic Center with the new Harbor, traversing from East to West, are to be named the Shang-Ta and Shi-Ta Roads, the east end of which passes through Yinghangchen up to the shore of the Whangpoo River, while the west end connects with the North Chungshan Road and further west extends to Miaohangchen linking up with the Chapei-Yanghang Road. The two projected roads will be 9,500 meters long and 35 meters wide, involving a total cost of $300,000.

(F). Wentsopang South Road: This Road will be built along the southern bank of the Wentsopang Creek connecting with the North Chungshan Road in the East and the Shanghai-Taitzang Road in the West. The two banks of the Creek will be developed into the district of warehouses and godowns of the Municipality. The districts north of the Creek will be the planned industrial center, while the Southern bank will be the new harbor and pivot point of the inland water transportation. It will be 8,000 meters long and 30 meters wide and entail a total cost of $250,000.

(G). Woosung-Yanghang Road: The Woosung-Yanghang Road will be the trunk line between Woosung and Yanghang. It will lead from Woosung, pass through North Chungshan Road and link up with Chapei-Yanghang Road. It is to be the main thoroughfare north of the Wentsopang Creek from East to West and will be 5,400 meters long and 30 meters wide, costing a total sum of $200,000.

(H). Woosung-Paoshan Road: This road will lead from Woosung towards the North, encircle the Forts Railway Station and stretch straight to the outskirts of Paoshan. It will be the trunk line along the river front of the Whangpoo and will be 2,500 meters long and 30 meters wide, costing a total sum of $180,000.

(I). Liuhang-Paoshan Road: This road extends from the Woosung Forts, passing through the southern outskirts of Paoshan, Yanghangchen and up to Liuhang, there to link up with the Shanghai-Taitzang Road. It will have a total length of 12,000 meters and a regular width of 30 meters and entail an aggregate cost of $300,000.

The above projected roads are all the necessary trunk lines for the revival and development of the war areas. They involve a total length of 79,500 meters and an aggregate cost of $2,500,000.

3. Assist the Railway Authorities in removing the North Station and expanding the railway lines.

Prior to the war, the North Railway Station had been the head office of the Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines. From the standpoint of the two Lines themselves, the location had been an excellent choice as was evidenced by the hitherto thriving business. However, the railway tracks in Chapei form a great handicap to the development of communications and affect adversely the municipal expansion. This defect must be rectified in planning for the reconstruction of Chapei. Further from the standpoint of the communication of the entire Municipality, all the wharves are located on the banks of the Whangpoo River and the lack of railway connection and the long distance of the location of the Station from the wharves, have made impossible the junction of the land and water transportation. In order to meet the urgent demands of providing better communication facilities, the necessity arises for the expansion of the railway lines. The present planning for the revival of the war areas is a supreme opportunity for the expansion of the railway and the removal of the Shanghai North Station. Judging from the tendencies of the expansion of the Municipality, it seems best to expand the railway lines from the vicinity of Chenju to Tazang and to construct three new lines branching off in following directions: (A). North to Hukiachuang, crossing the Wentsopang Creek, along the northern bank of which to Woosung, thereby effecting a link with the present Shanghai-Woosung Line. (B). From Tazang to Miaohangchen and then turning east along Ochapu, Yuanchangho and the Hydro Power Plant where again turning to the South along the bank of the Whangpoo to link up with the Jukong wharves, and (C). From Tazang to the east, ending at the west end of the San Ming Road where to build a new Municipal Railway Station in the Civic Center.

Regarding the question of removal of the North Station, the matter has a great bearing upon the future prosperity of the present devastated areas. If the Station is to be removed to the vicinity of Niuyingho Creek, the present business section will naturally extend and expand into the North of Chapei. If measures are to be taken to extend the Shanghai-Hangchow Line across the Whangpoo River to Kaochao in Pootung along the bank of the River, both Nantao and Pootung will be greatly benefited. Thus, with the through traffic on both land and water, Shanghai can be developed into a first-rate world harbor. However, the development of the Municipality can not be accomplished in a day, and further, the expansion of the railway line must necessarily depend upon the adequate financial resources. For the present, the plan recommends the building of the Branch Line (B) first in order to effect a junction with the planned wharves at Jukong mouth. In the meantime, another new line (D) should be constructed, leading from Chenju, passing through the north of the Niuyingho Creek and joining with the Shanghai-Woosung Line at Kiangwan Station. It seems to suit best the present conveniences to remove the North Station to the vicinity of the Sung Park. The Sung Park is located to the north of the present site of the Station at a distance of three kilometers and the Sung Park Road connects with the end of the Thibet Road of the International Settlement. Thus, both the Civic Center and the Chapei Area can freely expand and the present impediments would be removed entirely. In future, Tazang will be the center of the railway activities. The Railway

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China and Silver Rehabilitation

BY YUE KWEI-ZUN (俞寰澄)
(The former Vice-Governor of the Bank of China)

FROM the silver slump China has learned a great lession. From it she has realized that, first, no matter whether an International Silver Conference can be convened to decide on the measures for rehabilitating silver, China must (1) unify her monetary system and (2) control her foreign exchange operations; and secondly, if no measures can be formulated to rehabilitate silver, even if an International Silver Conference is called, China must (1) impose import duties on silver at differential rates, (2) establish a strong foreign exchange organ with sufficient capital, and (3) to stop the importation of luxurious and semi-luxurious articles in times of emergency. I shall confine my following discussions to these points.

In speaking of China's monetary system, our first attention will be turned to the problem of the abolition of the tael as a unit and of the adoption of the silver dollar as the standard currency. To the bankers this reformation is an important one; and before it has been carried out, the standardization of Chinese currency is next to impossible. Undoubtedly the adoption of a weight of silver as a unit is contrary to the principle of a sound monetary system, and it is further complicated by the fact that different taels of varying weight are used in different parts of the country. This confused state of affairs only invites speculation, and hampers the natural growth of industry and commerce. This reformation, after about ten years' agitation, has not made much headway, and today we are confronted with a condition as bad as it was before. While the conditions, either economic or political, have not been favorable for effecting this reformation, the problem itself has its own difficulties in that: First, it not only takes time and money to mint a large volume of silver dollars, but it is also very hard to ascertain the amount which will just supply the needs of the country; and secondly, the influence which has been built up by the old-fashioned bankers who have relied upon the ill-earned profit arising from the exchange operations between dollar and tael can not be broken down overnight. In this connection, Dr. Kemmerer has had direct and indirect methods of reformation, and advocated that a new unit should be adopted to standardize Chinese currencies in order to save time and efforts which are required to overthrow the old complicated system. While I have no faith in the practicability of the gold exchange standard, as advocated by Dr. Kemmerer, I admit that the task of abolishing the tael and adopting the silver dollar as the standard currency is neither feasible nor economical.

Exchange Rate Should Be Fixed

Two years ago, I had in mind a plan to standardize the currencies of different parts of the country through a very feasible means. According to my plan, a silver bullion standard, something like the gold bullion standard, should be adopted for the time being. Since the Shanghai tael is the most influential of all kinds of taels now used in this country, it should be adopted as the standard unit of the new system. Thereupon we shall definitely fix the rate of exchange between silver dollar and Shanghai tael either at 1 to .725 or at 1 to .7225, that is, every thousand pieces of silver dollars can be exchanged for 725 or 722.50 Shanghai taels, and vice versa. Once this rate of exchange is fixed, it should not be altered. The Central Banks and other banks designated by the government for making the exchange should control this exchange business in accordance with the fixed rate without charging any exchange fees, but no amount less than 1000 silver dollars will be acceptable for the exchange, and for the commercial banks and exchange shops, the exchange fee is limited to 1/10%. Bank notes over $1000 can be exchanged for either silver dollars or Shanghai taels according to the wish of the holder. In the meantime, the daily rates of exchange between dollar and tael should be abolished. The Shanghai tael thus fixed shall be used only in exchange operations, while the prices of commodities shall be all quoted in silver dollars and not in taels. No restrictions will be put upon the free coinage, and any one who has silver on hand can approach the government mint to turn it into silver dollars upon paying a mintage charge or seigniorage. The government, however, will henceforth not mint any more silver dollars, and confine its coinage to subsidiary coins (until their point of saturation is reached.)

By this means, we can eventually obtain the following benefits: First, it will save time and expenses to mint a large volume of silver dollars; secondly, it will facilitate the issuance and circulation of bank notes, when their reserves need not be in silver dollars only; and thirdly, it can be easily carried out, when a part of the old business custom is retained.

In order to adopt my plan, all the preparatory works must be carried out by two periods, each containing five months. In the first period, we shall see the abolition of different taels in different cities, such as the Hankow Tael, Tientsin Tael, and Yinkow Tael, all of which should be turned into the Shanghai tael in accordance with their respective average exchange rates of the previous ten months. Once their respective rates are fixed it should be proclaimed that henceforth the monetary value stated in the contracts and transactions pertaining to buying and selling, and lending and borrowing should be expressed either in Shanghai taels or in silver dollars, and not in the old forms of monies; and that the old forms of monies stated in the contracts and transactions made before should be turned either into Shanghai taels or into silver dollars on the basis of their fixed rates. In the second period, we shall see the abolition of the daily rates of exchange between tael and dollar after the establishment of a fixed rate between the Shanghai tael and silver dollar. The relation between Shanghai tael and silver dollar will be confined to the exchange operations only, and there will be no buying and selling of the one against the other. In the meantime, the government should designate several well-known banks to take care of this exchange business, and it is understood that these designated banks should be the issuing banks. They should, in conformity with the market condition, keep at their disposal a necessary amount of silver dollars and Shanghai taels so as to facilitate the exchange; and in times of emergency the government can proclaim that the bank notes can be only exchanged for Shanghai taels and not for silver dollars. After ten months of strenuous efforts, the silver dollar as the standard unit will be accepted in most parts of the country. (Subsidiary coins on the basis of decimal system should also be introduced, but it will take longer time to effect the change.) Besides this, we have also two other reforms which should be carried out in the first period. (1) The Haikwan tael, the origin of which we are not in a position to tell, must also be abolished, because, aside from its use as the basis of custom duties, it has no relation with the commercial world. As customary, the ratio between Haikwan tael and silver dollar is 1 to 1.5. The task of standardizing China's monetary system will not be complete, if the custom duties are not also levied in silver dollars. (2) The foreign exchange rates should be quoted and calculated on the basis of silver dollars. The banks which enter the foreign exchange business should figure out the daily exchange quotations on the basis of silver dollars and operate the business accordingly. As this problem has a great bearing upon China as well as upon other countries, I shall discuss it more in detail.

A Disgrace to China's Financial World

It is lamentable to recall that chapter of China's financial history relating to foreign exchange business, which should fall into the exclusive hands of Chinese bankers, but has been manipulated by foreign banks in China ever since the commencement of foreign trade. It is only during the last ten years that Chinese banks have begun to enter the foreign exchange business, and before that time, they were totally ignorant of its intricate operations. Up to the present time, he daily exchange quotations are still manipulated by the Hongkong and Shanghai Banking Corporation, and the Chinese banks limited by their capital have not as yet developed an influential stand on this business. The most ludicrous fact is that even in the operation of the domestic exchange, we must first resort to some foreign currencies as the medium of exchange. For instance, to exchange Canton small coins for Shanghai money, they must be first turned into Hongkong dollars, because there is no direct quotations between Canton dollars and Shanghai money. This case also holds true in some parts of Manchuria, where the local currencies must be first turned into Dairen silver notes (the notes issued by the Yokohama Specie Bank of Japan). This anomalous state of affairs, the like of which we can not find in other countries, is a great disgrace to China's financial world. To return to my subject of foreign exchange, this business, in accordance with the government regulations, should be exclusively handled by the Bank of China, just as in the case of the Yokohama

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Specie Bank in Japan. But the financial strength of that bank has been badly crippled by the fact that an enormous amount of money which has been advanced to the government has not been returned. In order to break down the foreign monopoly and recover our lost business, the following three steps must be taken instantly. First, all the banks which now operate foreign exchange should come together to form a union with the amalgamation of their capital set aside for this purpose and the amount of capital for that union should not be less than 10,000,000 pounds, or G$50,000,000. Secondly, the government should give every assistance to this union by depositing all the proceeds of the custom gold units earmarked for the payment of foreign loans and indemnities before they are due, and entrusting to it the task of buying and selling the custom gold units and of remitting interest and principal monies of foreign loans and indemnities, the transaction of which being not bound by contracts can be taken away from the hands of foreign banks. And thirdly, the daily exchange quotations should be quoted in silver dollars so as to control foreign exchange operations. When we can control the exchange operations by means of this union, we then can turn our attention to the next subject—the stabilization of foreign rates of exchange.

Juggling the Exchange Rate

In regard to the rates of foreign exchange, they are mostly determined by the price of silver abroad, and partly by the local market condition, (speculation also plays a part). The fluctuation of the silver price abroad will reflect greatly upon the local exchange market, while the reaction of the local market arising from the demand and supply upon the foreign silver price is proportionally small. Thirty years ago, China's foreign exchange business was toally monopolized by the Hongkong and Shanghai Banking Corporation, and only recently many banks, Chinese and foreign, have entered that business; but the daily quotations are still manipulated by that bank. Under such a condition, China has suffered an unspeakable loss owing to the fact that at the time when interest and principal of foreign loans and indemnities are due the foreign bank which is entrusted to make the remittance will arbitrarily raise the rate of exchange so as to reap an enormous profit at the expense of Chinese government. Since the custom duties are levied in gold units, this evil might be mitigated somewhat.

The formation of a foreign exchange union backed up by a strong financial resource will enable us to regulate the supply and demand of the market in accordance with the seasonal changes and market conditions, so as to mitigate the evil influence of the sudden rise and fall of the exchange market. It is true that the local exchange market follows the fluctuation of the foreign silver price, but if we can find means to stabilize the price of silver, it naturally follows that the rates of foreign exchange can be made stable accordingly. Thus our foreign exchange union should cooperate with the silver trust and foreign leading banks to fix a standard price for silver, say, at G$.50 per ounce. After this standard price is agreed upon, China will export her silver when the market price rises above it, and import silver from abroad when the market price goes below it. Since China is the world's great silver-consumer, the part played by her in the market of silver should be recognized by silver-producing countries and foreign leading banks, and therefore her suggestion should be followed to some extent by them. The stabilization of silver price is the only means to make our foreign rates of exchange stationary.

Differential Import Duties on Silver

The imposition of import duties on silver is a familiar topic and deserves our attention. In my opinion, in imposing duties on imported silver, the rates should be made differential. Through the impostion of import duties, we can increase the price of silver at home but in the meantime, we must also keep up a standard price, despite the rise and fall in the price of silver abroad. Even in our dealing with the gold standard countries, this standard price must be kept intact. Supposing the standard price of silver is fixed at G$.50 per ounce, we shall levy a duty on silver at G$.20 per ounce, when the silver price in the New York market is G$.30 per ounce. In the same manner, if the New York price falls down to G$.25 per ounce, the duty will proportionately increase to G$.25 per ounce; and likewise, if the New York price rises to G$.35 per ounce, the duty will be decreased to G$.15 per ounce. It naturally follows that no duty will be levied on silver, when its New York price is at par with our standard price. That this form of taxation has many advantages over the ad valorem taxation needs no detailed explanation. Mr. Sun Tsen, in his article on silver, strongly advocated this form of taxation, but recently he has changed his mind by saying that its evil lies in the fact that it will cause a great outflow of China's silver, when the duties levied on its importation will be refunded at the time of its exportation. Mr. Sun's fear, however, is not well grounded, because the importation and exportation of silver follows its market price abroad, and no merchant will take such a risk as to ship silver from and to China, simply because of the profit arising from the refund tax. I believe that the "refund tax" system is neither practicable nor feasible, because we do not to need adopt that means to encourage the exportation of silver, when silver in China is not over abundant, and especially because the "refund tax" based on the differential rates is very hard to figure out. It will invite fraudulent practice, if the tax is refunded according to the tax receipt. Since the conditions prevailing in this country are vastly different from that of other countries, I advocate that no tax should be refunded upon the exportation of silver, although tax is levied upon its importation.

In adopting the import duties at differential rates, we must in the meantime find other means to prevent the importation of silver through smuggling and other illegal channels. As a means of protection, I advocate that no silver can be imported without government permits, that the above said foreign exchange union and government designated exchange banks can apply for these permits for the importation of silver, and that silver thus imported will pay duties according to the fixed schedule, and silver without permits will be banned even at the payment of duties. As customary, the silver sycee before its circulation must be first presented to the Public Testing Bureau to test its genuineness and fineness, and it will bear the impress of the Bureau after being tested. This practice still survives in Shanghai. We can likewise establish an organ, to which all silver now circulating in the market should be presented by the designated banks to test its fineness, and which, after testing, should impress a mark on silver. Henceforth, the government mint will not accept the unimpressed silver for coinage, and furthermore will trace its source so as prevent any smuggling. Thus the unimpressed silver will not be accepted by the public, and the amount coming in through other illegal channels will not be big enough to affect the general situation, as it will be largely devoted to industrial uses.

The Basis of the Duties

The introduction of silver duties at differential rates should be gradual, so as to avoid any great reaction upon the local exchange market resulting in an unexpected loss to the local importers and exporters. At its inception, the duty should only amount to 10% of the present silver price, and be increased by 10% after every two months, until a duty of 50% is reached. When that point is attained, we are able to fix a standard silver price in accordance with the market situation, and start to levy duties on the basis of differential rates.

There are two bases on which we can levy import duties. We can base our levies either on the value stated on the bills, or on the monthly average silver price, arrived at from the prices as promulgated in New York. (For instance, if the average price is G$.30 per ounce, the duty will be G$.20 per ounce.) This average price will be changed every month, and that of the previous month will be valid. Comparatively speaking, the second method is more advisable, because of its simplicity and expediency, while in the first method, the importers may resort to fraudulent practice by presenting counterfeit bills.

As I have said before, the imposition of duties on silver will not cause the appreciation of silver price at home, if the control of foreign exchange operations is still maintained by foreign banks in China. I have also remarked that it is necessary for all the Chinese banks which have entered the foreign exchange business to form a union with a capital of £10,000,000 or G$50,000,000 in order to break down this foreign exchange monopoly. But it must not be misunderstood that a union with such an amount of capital can do much toward increasing the silver price at home and stabilizing the foreign rafes of exchange. To that end, the union must have at least a capital of three times as much, say, £30,000,000 or G$150,000,000, coupled with an understanding with leading banks in foreign countries for opening an overdrawn account of about £10,000,000 or G$60,000,000, so that it can meet any emergency and maintain the standard price of silver. In view of the requirement of a vast amount of capital, which is beyond the capacity of Chinese bankers to supply, they can, at the outset, cooperate with the friendly foreign banks in China to launch this new

undertaking. As a matter of fact, the manipulation of foreign exchange operations only brings profit to a few foreign banks, while the stabilization of foreign exchange rates will benefit all the import and export merchants. The cooperation of several foreign banks, if not the whole, will not be hard to secure, if the beneficial consequence of the new scheme is made known to them. The admission of foreign banks in a union will pave the way to break down the present anomalous situation in which the foreign exchange operations are manipulated by a few banks.

No matter whether silver is imported by the government or by the Central Banks, it shall bear the same rate of import duties. The duties should be paid in the custom gold units, and the amount should be specially reserved, so as to be part of the capital for the foreign exchange union. From our conservative estimation, the annual importation of silver to this country is around 50,000,000 ounces. We shall be able to get about G$5,000,000, if we levy G$.10 on every ounce imported (that is, .25 custom gold money). After five or ten years, the money thus accumulated will be enormous, and it will be able to give some substantial help to the foreign exchange union.

By levying the import duties on silver and strengthening the foreign exchange union, our position in the financial world is still not secure. In the business world, crisis does not come first with warning, and must be met with extraordinary measures. At the time of emergency, the customary practices adopted by foreign countries are to declare moratorium, to restrict the buying of foreign currencies, and to collect foreign bonds and stocks. The Chinese government, however, can not enforce these practices with effectiveness, because foreign banks have scattered all over China's trade ports, and China's influence can not reach to Hongkong and Dairen. Therefore, at the time of emergency when the capital of the foreign exchange union proves insufficient and the standard price of silver can not be maintained, the only possible means is to restrict the imports. The decrease of imports will ease up the exchange market through the decrease in the demand of gold exchange. China has now attained custom autonomy, and her government, if necessary, can ban the importation of luxurious and semi-luxurious articles for a certain period. By so doing, the foreign exchange union can manage to cover the gold exchange arising from the imports of necessities. Thus the price of foreign imported necessary articles will not rise all of a sudden through the rise in the foreign exchange. The people will in the meantime contract the habit of saving and economy. Such an emergency measure will not only maintain the silver price, but also bring beneficial consequence to the public.

If the above means is not available, the government may rule that certain traders can buy foreign exchange at the ordinary rates, while the application of other traders not designated will be turned down by the foreign exchange union. But this plan has its loophole in that the foreign banks will profit by accepting the application thus turned down by the union. The exchange market will be further confused by the fact that the exporters will not sell their exchange until they obtain good prices. Merely for the sake of reference, I mention this plan here.

The imposition of import duties at differential rates supported by a strong foreign exchange union will work out the same result as the adoption of a gold exchange standard, and its advantages are far numerous. (1) Its simplicity and expediency are beyond question. (2) The standard price of silver is further guarded by imposing differential rates. (3) The disuse of coins of fictitious value will not cause suspicion on the part of the people who are not accustomed to use them. (4) The standard price of silver will be more elastic and therefore will be more easy to maintain. (5) In case of emergency, we still maintain the silver standard. As a matter of fact, to relieve the silver crisis will be much easier than to relieve the gold crisis.

Shanghai, June 13, 1932.

China to Establish System of Consular Invoices

The National Government has issued a Mandate officially promulgating the regulations governing the imposition of the system of Consular Invoices for all imports to China. The system, it is understood, will be enforced as from August 1, so that ample notice may be given to foreign shippers.

Telephone Company Refuses to Recognize Union

One of the inevitable results of the installation of automatic telephones by the Shanghai Telephone Co.—an American organization—has been a reduction in the number of employees, and this in turn has led to dissatisfaction. This dissatisfaction has manifested itself in the form of a strike, something like a thousand employees having absented themseleves from work. The strike has not, however, assumed sufficient proportions to seriously interfere with the operation of the service. The strikers have made a number of demands, one of them being that the Company should recognize the workers' union, contribute a sum towards its upkeep and provide quarters for them to meet in. Other demands refer to matters of vacations, overtime, etc. A particular complaint of the striking workers is that they stood loyally by the company during the recent troubles and performed their duties in many instances at the risk of their lives.

The Telephone Co. has posted explanations of its position in the Chinese language at the entrance to all its seven exchanges, inviting the workers to resume work, but emphatically insisting that the union will not be recognized. The company stated that during the Japanese military invasion many employees were paid for days when they were unable to come, much overtime was paid, and many workers and their families were housed by the company. The company said discharge of some of the employees was the natural consequence of the mechanical changes in the exchanges. The Company in conclusion stated that it had no intention of employing White Russians (this also being one of the complaints of the workers.) Unrest among the Frenchtown tramway and Nantao tramway employees was also to be noted during the week.

It is to be noted in this connection that the matter of the recognition of the union has been a matter of dispute between employers and employees in Western countries for the past hundred years, and still continues. In past years the Chinese government itself has suppressed workers' unions, particularly those of alleged "red" complexion but it is inevitable, as China becomes more democratized that this question of union recognition will come more and more to the fore in Chinese labor disputes. In each dispute the eventual outcome will pretty much depend on the merits, or rather the relative strength, all things considered, of the two parties to the dispute. In England the greater part of industry is unionized. In America, the proportion of unionized industries is less. Part of the coal mining industry is unionized; the greater part is not. The printing trade in all the large cities of the United States is highly unionized. The steel industry is not.

"China Times" Workers Released from Jail

The 22 employees of the *China Times* who were arrested last week in counection with the strike of workers in several of the largest local Chinese newspapers have been released on security. The men were dismissed more than two months ago, since which time they have been actively engaged in attempting to stir up trouble among employees of the printing and typsetting departments of various daily newspapers in Shanghai.

Dorman Long and Associates See Great Future for Engineering Business in China

The London *Daily Express* in its issue of May 27 featured on its front page with a heading reading "Britain to Open up China's Wealth" in large type, the formation of Dorman Long and Associates (China) Ltd., the associates comprising, Metropolitan Vickers Electrical Export Co., Ltd., Babcock and Wilcox, Ltd., Callenders Cable and Construction Co., Ltd., Beyer Peacock and Co., Ltd., Tilbury Contracting and Dredging Co., Ltd., John I. Thornycroft and Co., Ltd., Edgar Allen and Co., Ltd.—these important firms together embracing practically the whole field of heavy engineering in Great Britain.

Leading personalities in the enterprise are Frank Freeman, until recently chief engineer of Dorman Long's civil engineering department, and Charles Mitchell, chairman of Dorman Long, who carried out the negotiations between the interested firms. He visited China last year, and it was his report to Dorman Long's that led to the formation of the new enterprise. The object of the venture is to "sell" British engineering to China. The promoters of the new company believe that political stability is in sight in China sufficiently to yield finance for engineering purposes. Vast fields of remunerative work—the building of railways, factories, bridges, power plants and harbors—await exploitation in China, the *Daily Express* points out.

The White Russians---Their Status and Outlook in the Far East

BY ONE OF THEM

THE assassination of President Doumer has once more attracted the attention of the world to White Russians, since the doer of this seemingly inexplicable act, P. Gouguloff, is discovered to be one of the White Russians. Aside from the importance, which this crime may have in the future development of European affairs the question of White Russians in the Far East, where we find a considerable number of them, has its own interest. There are no authentic data as to the exact number of White Russians, scattered all over the Far East, but there is reason to believe that this number approaches the mark of 80,000 persons of both sexes. The number is not high enough to constitute a problem, but in Europe, where we find about 1,200,000 White Russians, it does. The bulk of White Russians reside in France, where it is believed there reside about a million Russians of this extraction. This is explained—firstly—by the fact that, in 1916, when the Great War was at its height, a Russian expeditionary force was landed at Marseilles to assist the French Army on the front, which force has never returned to the homeland, due to the Bolshevik Revolution in Russia. The landing of the Russian troops constituted one of the dramatic scenes of the war, when they were welcomed literally by the whole population from Marseilles up to the firing lines. Of these troops only a small, unimportant portion returned to Russia, the bulk of the army remaining in France up till now. The Russian population of France was lately augmented by the influx of refugees fleeing out of Russia, then still torn up by the civil war. The Frenchmen, remembering the assistance rendered to their country by Russia in war, have been always glad to admit Russian emigrees, who—it should be stated—were in the early years of the revolution arriving with funds and were apt to lead a boisterous life, being impelled thereto by the highly inflated condition of the French currency.

Czarist Russia as the Foster Mother

The White Russian population of Germany and Yugoslavia is of a later formation and came into being only after the war, when Russia, then laid waste by civil strife, was a source of the endless stream of refugees. Like France, Yugoslavia welcomed these refugees mostly because of the sense of her duty towards Czarist Russia, which played the role of foster-mother to her, as well as to all Balkan countries, throughout the whole 19th century. As one will remember the Great War itself was started because of the interference of Russia into the Austro-Serbian conflict following the assassination of the Austrian Crown Prince, in which Russia definitely sided with the Serbs.

It would be no exaggeration to say that there is probably no country in the world where one would not find a small group of White Russians engaged in all sorts of pursuits. Among those countries the Far East constitutes one of the most densely populated, coming next to Europe, where, as stated above, lives the bulk and probably the best part of White Russians.

Speaking of the number of White Russians in China and Manchuria we cannot overlook to mention the memorandum of the recently organized Society of Russians in Manchuria and Mongolia, with headquarters at Harbin, addressed to the Lytton Commission of Enquiry and from which we take the following figures, as reproduced in the *Kung Pao* for May 8, Harbin:—

Manchuria	
Harbin and C.E.R. lines	45,000
Barga district	6,000
Taheiho and the Amur River	500
Mukden	2,000
Dairen	200
Yingkow, Fushun, etc.	200
Other places	6,000
	59,900
China Proper	
Shanghai	10,000
Hankow	500
Peiping and Tientsin	2,000
	72,400
Total population	

Besides the Chinese, the Russian population of North Manchuria is perhaps the oldest one, dating back from the time, when, in the last quarter of the nineteenth century, Russia began her march towards the open sea. Then she acquired her special position in Manchuria climaxed in the creation of the Chinese Eastern Railway Leased Territory, that ran through the entire country towards Vladivostock in the East and Dalny (now Dairen) in the South. As expected this territory was populated by the newcomers from Russia, all of them connected with the Chinese Eastern Railway, or guarding the leased territory. The Russo-Japanese War served as a cause for bringing more Russians, at the close of which many of them settled down along the C.E.R. permanently. These old timers can be seen even now, mostly at Harbin and at all important railway stations. Most of them have immovable properties and engage in activities more or less interwoven with those of the Chinese population around them.

The importance of the Leased Territory grew up in later years, when with the outbreak of the Great War, Harbin began to serve as a centre supplying the vast Russian Empire with the goods coming from the Pacific countries. The subsequent civil war in Russia, that lasted from 1917 to 1922, added much to the Russian population of Manchuria, when, driven by war, the Russians of all classes began to seek refuge abroad, for which purpose the leased territory, lying in the alien land—China—afforded the best opportunity. As in the case with France, first began to flee the nobility and mercantile class, bringing with them what they could scrape from their possessions. And the first city for them to stop in was Harbin, then governed entirely by the Russians. Because of this sudden influx of poorly clad people, but having plenty of roubles with them, Harbin began to grow by leaps and bounds. The prices of land and houses went skyward—Harbin had its golden time.

The Origin of the Russian Population

In the closing years of civil war in Russia great prominence was attached to General Semenoff, leader of Transbaikal Cossacks, then having his headquarters at Chita, some 400 miles away from Manchuli. The downfall of the White Russian government of Admiral Kolchak was due to a certain extent to the activities of Semenoff, who being backed up by the Japanese expedition played havoc with the Trans-Siberian Railway—seizing the war supplies coming from Vladivostock for the White Armies on the front, and carrying on other similar activities. Admiral Kolchak was on the verge of instituting a punitive expedition against Semenoff, when his army gave way to the Reds, himself being handed over by the Allies to the Bolsheviki at Irkoutsk in January 1920, who shot him outright.

The rank and file of White armies began to pour into Manchuria in the autumn of 1922, when, after the evacuation of the Japanese Army, there fell into the hands of the Reds the last stronghold of the Whites—Vladivostock. As it should be remembered the Whites arrived by three routes, namely, via Suifenho, the Possiet Bay and Genzan (a Korean port), in the latter case commandeering all the steamers that lay in port on that day. This crowd was perhaps the most destitute and till now constitutes the poorest class of emigrees. They once furnished a contingent of Russian troops for General Chang Tsung-chang former Tupan of Shantung Province. For all these hordes, hungry and unclad, fleeing to save their lives, the Leased Territory of the C.E.R. was a haven, where then ruled supreme General Horwatz, general manager of the railway. He was affording all sorts of assistance to the refugees, admitting many of them into the railway's services. The Whites, when fleeing into Manchuria brought with them as much of the rolling stock of the Russian railways as they could lay hands on, and since that time up to the present the rolling stock has remained in the possession of the C.E.R., making it one of the best furnished railways in the world in the sense of equipment. Only recently, just prior to the Japanese occupation of Harbin, the Soviets managed to get back the rolling stock, seized by Whites, and they seemingly mean to keep it for ever.

General Semenoff still retains a certain influence over a part of White Russians, mostly the cossacks of Transbaikalian Province, his old command. But the bulk of refugees, namely, the organized part of it, recognizes General Horwatz, former general manager of the C.E.R., as its leader. Both leaders do not always fall in line in respect of the policies to be followed by the Whites and it is rumored that both have antipathies to each other. Besides these two figures there is perhaps no more worth while mentioning, the rank and file of emigrees being divided into a medley of opinions. Some of them favor the monarchy and these are subdivided into two groups—those who consider that the Russian nation should, at the future national assembly, nominate a Czar not necessarily from the defunct dynasty, and those who maintain that the Czar must be Grand Duke Ciril, now residing in South France, who according to the letter of the former Russian constitution should succeed to the throne. The latter group are known as the legitimates. Of interest to note in this connection is that several years ago the named Grand Duke Ciril proclaimed himself, still being in exile, the Emperor of Russia, maintains a certain entourage, issues orders and manifestos to the non-existing army and navy, and even has his own "court." The whole thing resembles a badly played farce.

Grand Duke Ciril

Many Whites abhor the idea of having Ciril and his present entourage at the helm of the future Russian state. And the main cause of their abhorrence is the fact that, when the Russian revolution broke out in February, 1917, Grand Duke Ciril, then in command of marines in Petrograd, had the misfortune of pinning the red band to his princely coat and marching at the head of his unit to the revolutionary Parliament, thus publicly renouncing his exalted station. And the Whites, except the legitimates, have other causes to grumble at Ciril, citing the instances out of his private and public life, considered not to be well fitted to a person called to deliver Russia from the Communists. To give credit to the legitimates, it should be stated that if we consider the constitution of any nation as something unchangeable, weathering all the vicissitudes of time, Grand Duke Ciril is the only person to succeed to the Russian throne, since all the direct descendants of Nicolas II. were slain by Bolsheviki.

Most of the Whites of the intellectual class lean, however, to the republican regime of the future Russia. And here we find, too, a medley of opinions starting from the extreme right to the extreme left. Only few Russians are able to tell just why they would prefer the particular republican regime they have in view, their contention being based mostly on intuition than on the cold study of the question. There is, however, a new school of Russian political thought, to which belongs, as he declared right after the assassination of the French President, P. Gouguloff, the Fascist. This is very small, uninfluential group of persons, mostly the youth, and there is a serious doubt as to whether all of them do understand what Fascism is.

It would take considerable space to enumerate all shades of the political credo of White Russians, but all of them agree in one principle, the principle of renouncing the Soviet regime and establishing a sort of new government instead. Only few of them, if any, have an unbiased idea of the present conditions in Russia, and certainly there is no single, well-laid program of what should be done if Russia is freed of the Communists and the Whites step into their shoes. When asked how they will succeed in converting the peculiar social and economic system, now obtaining in Russia, into that of the capitalistic one, preserving at the same time the position Russia occupies in the family of nations, no one is able to lay down a definite course of future policies, except such generalities as "the matter will right itself in due time."

No Real Power

Being disunited, poverty-stricken and scattered all over the world, the Whites certainly do not represent a real power that would dislodge the Communists out of their Russian saddle, and in this respect one is surprised to note that the Soviet Government is solicitous to have their activities curbed, as though the Whites constituted a danger to the regime. The answer to this lies in that the Whites, because of their inborn and lifelong hatred of Communism and the Soviet regime, are bent to act as ready tools of what is called the capitalistic surroundings of Russia. In case of war they are supposed to play a foremost role, leading the foreign armies into Russia. Hence there is the fear by the Reds of White Russians and and with a view to having them disunited permanently the Soviets have adopted a policy of disintegrating them from within through paid agents. One of these agents, who has been responsible for the return of many Whites to the Soviet fold is Professor Oustralof, of Harbin, who through his organ the *Novosti Jizni* and lectures initiated the movement among the Far Eastern Whites towards reconciliation with the Reds. The principle of the movement is that, since the Soviet regime came into being as an upshot of historical events and its existence has a solid foundation, the Whites should alter their attitude towards the New Russia to a more lenient one and—even more—to cooperate with the Soviets.

Many Whites Apply for Soviet Citizenship

The movement had its effect, many Whites applying to the Soviet consulates for the restoration of their rights as Soviet citizens. The same course was followed by many Russians in the railway's employ, when after the signing of the Peking pact of 1924 between Russia and China, they were faced with an alternative to become either Soviet or Chinese citizens, if they meant to continue their services with the railway. The lure to have a sound employment was so great that the Russians started a virtual stampede for Soviet registration cards, although a small number of them applied for Chinese citizenship. Hence came about the subdivision of Russians into five groups, namely: (1) pure Whites, or persons residing in China as political refugees and under the protection of the Chinese Government; (2) persons having the Soviet registration cards and awaiting the grant of Soviet citizenship; (3) persons having the Chinese registration cards and awaiting the naturalization papers; (4) fully recognized Soviet citizens, and (5) fully naturalized Chinese citizens. The status of persons of the groups 2 and 3 is somewhat dubious, for they might be refused either the Soviet or Chinese citizenship; in that case they automatically become pure Whites again. Thus when you meet a Russian be sure with whom you are speaking; however only a few of them tell the truth, most of them preferring to pass as pure Whites.

As aliens, seeking a political refuge from the home regime, the Whites are not supposed to be mixed up in political affairs of the adopting country, but in China, in view of constant civil wars and unsettled internal conditions, they were permitted to engage in political activities, as in case with the mentioned General Chang Tsung-chang, who once went so far as to enlist thousands of White Russians into his army. Another case cropped up in 1929, when in the Soviet-Chinese conflict over the C.E.R., the Whites definitely sided with the Chinese, having rendered invaluable services in the rear, as members of the Chinese police or the C.E.R. employees. Without them it would have been a pretty tough business for the Chinese to maintain the railway in good working order, for—as one will remember—the Reds were doing all possible to disrupt the railway service. In retaliation to this the Reds destroyed several White Russian villages in Barga district, perpetrating all sorts of atrocities, that at once aroused world-wide indignation.

White Russians and Manchukuo

What is the attitude of White Russians towards the present Sino-Japanese dispute? Do they preserve the former friendly attitude to the Chinese as they had displayed it during the Sino-Soviet conflict? Before attempting to answer we must admit that the White Russians have had certain complaints against the former Manchurian administration, which had been too drastic in its nationalistic policy, bent to stamp out the remnants of the White Russian influence in Harbin and the Special District of the Three Eastern Provinces. It is also true that the Russians of this class, having no extraterritoriality and therefore being liable to an equal treatment with the Chinese, were subjected to all sorts of maltreatment by local petty authorities, as too stringent passport regulations, imposition of heavy taxes, individual cases of beating by crowds or police, cases of squeeze, etc. Above all comes the impossibility for the Russians to settle on the land, in the interior of the country, for the preference was being given to immigrants from China Proper. This meant that, in the face of the absence of any employment in towns, the White Russians were confronting endless privations, with the inevitable consequences of that disaster—possible total extinction, not to speak of the realization of their dream of returning home.

Such being the true position of White Russians during the administration of Marshal Chang Hsue-liang,

which did not promise anything bright to the majority of refugees, the creation of Manchukuo with its high worded declaration of the Open Door and Equal Opportunities for all, was certainly welcome. The appearance of the new regime promises them the relaxation of the ruthless nationalism in Manchuria and even—who knows—an armed conflict between Russia and Japan, as the upshot of same, they hope, will be the downfall of the Soviet regime and the restoration of the White Government in Russia.

Those who read newspapers have no doubt noted that the Soviets have put all the recent bombings of the C.E.R. or attempts thereto at the doors of White Russians. I seriously doubt the possibility of such an act, firstly, because the White Russians do not represent a well organized body, governed by a central master mind, and—secondly—they are destitute, have no arms, and can do nothing except when they are incited and supplied from without. In the latter case, the Russians who bombed trains must have acted only in their individual capacity as mere agents of some outside non-White Russian force. It means that the perpetraters of the C.E.R. bombings must be sought not among White Russians, but in some other quarters.

If one wishes to win the good-will of any person who is under strained financial circumstances, the best course to follow towards him is to make a sort of lucrative promise, as is being done by the *Harbin Times* to its readers, namely, the conversion of Manchuria into a virtual Paradise on earth. While there is no doubt that under the new administration the country will be better governed, with less squeeze and maladministration, the indication is that the promises are going to be hollow, leaving the Russians, as all other foreigners, with an empty bowl. If, however, it is the real Japanese intention to invade Siberia, thus bringing the issue with the Soviets to a climax by an armed force, then the Japanese will have to seek the cooperation of the Whites, at least of General Semenoff's type, for no war with the Soviets is possible without the cooperation of the Russians of this extraction. For them the defeat of the Japanese in the war, with an inevitable coming of the Reds into Manchuria, their last place of refuge, would mean something like the end. Because of this they will have to accord a full hearted support as they did to the Chinese during the Sino-Soviet conflict of 1929. Furthermore, any attempt to establish a sort of buffer state in Russian territory will have their support irrespective of who is the agent. Hordes of young, able-bodied Russians, now jobless, and on the verge of starvation, constitute the best material for this enterprise.

While the White Russians realize that they, being in a foreign country as political exiles, have no right to mix up in political intrigues, still less in activities prejudicial to China or Japan, the circumstances seemingly are against them and it will take a great deal of leadership for them to preserve their integrity as friends of China and Japan.

Tientsin, June 13, 1932.

New Steel Works to Be Erected in Nanking Suburb

The projected Central Iron and Steel Works will commence operations at the latest by next spring, according to Liu I-yen, who is in charge of preparations for the establishment of the enterprise. Funds for this project, sponsored by the Ministry of Industry, will be obtained in part from the British Boxer Indemnity Refund by a loan of £123,000 sterling.

According to plans, the sterling loan will be devoted exclusively to the purchase of necessaray equipment for the factory. Another loan of $100,000 will be obtained for the acquisition of land and the construction of factory buildings. All loans will be secured on the Mining Tax during the first three years; the Works itself will undertake payment of interest and redemption of principal thereafter.

Japan to Send Farmers to Manchuria

As one of the means of improving the situation of the peasantry in Japan, the Department of Agriculture and Commerce is contemplating the emigration of Japanese agriculturists to Japan on a large scale. A Japanese inspection party which recently returned from Manchuria reported that the prospects for industrial, fishery, forestry and stock-breeding industries in Manchuria are very hopeful.

Laws Being Framed to Punish Corrupt Officials

Details of the draft regulations governing the punishment of officials convicted upon charges of corruption, which are under consideration by the Legislative Yuan, were made public at Nanking during the week.

According to these proposed regulations, any public functionary found guilty of acceptance of bribes or other unlawful emoluments of an amount exceeding $1,000 will be liable to the capital punishment. Where the bribe accepted or demanded is more than $500 but less than $1,000 the punishment to be meted out to the delinquent official will be life imprisonment.

Public functionaries found guilty of peculation of public funds of an amount exceeding $5,000 will be liable to the death sentence. Where the amount of public funds misappropriated is less than $5,000 but more than $3,000 the punishment will be life imprisonment. Where the amount is less than $3,000 but more than $1,000 the delinquent official will be liable to penal servitude for a term of between 10 and 15 years, as well as a fine of not less than $5,000.

In both of the above two cases, that is, either acceptance of bribes or misappropriation of public funds, the bribes accepted or the funds misappropriated will be confiscated by the Government. Public functionaries convicted on these charges may also be deprived of civic rights.

All local government officials indicted upon these charges will be tried by Special Divisions to be established in the various Provincial High Courts concerned; such divisions being constituted by the President of the Court together with three representatives from the Provincial Government concerned.

Illegal Levies in Anhwei Stopped by Central Government

Six officials belonging to organs for the collection of special levies in Northern Anhwei were detained at the Headquarters of the 4th Division at Pengpu May 23 under orders from General Hus Ting-yao, Commander of the Division now garrisoning that area. The men taken into custody are Liu Tze-ming, director of the Special Business Tax Bureau, Wang Fu-su, secretary, and Niu Yu-tsing and Yuan Shih-lin, sectional chiefs of the Special Tax Bureau. This sudden action on the part of General Hsu was taken in compliance with an order from General Chiang Kai-shek for the drastic suppression of all organs collecting illegal levies from the people. The arrested men will be handed over to the judicial authorities for trial. The collection offices will be wound up immediately while the staff will be sent away from the province. There is said to be great rejoicing among the people of northern Anhwei over the action of the Central Authorities.

British and American Oil Interests Confer with Soviets in New York

An oil conference participated in by the Royal Dutch Group, the Anglo-Persian Burma Oil and Standard Oil companies, was opened in New York May 16 for the purpose of discussing ways and means of stabilizing international oil markets. A group of Russian oil men are also in New York and negotiations looking towards arrangements with the Soviets guaranteeing a market to Soviet oil for the next ten years for an annual Russian export quota of 5,300,000 tons have been in progress. It was also proposed that the Soviets should be allowed to maintain their existing distributing organization in England, Germany and Turkey. The last reports were that the negotiations were likely to fall through as some of the British-American groups demurred to the concessions which were proposed to be made to the Soviets.

Chinese Petition for the Abolition of the Tael

A petition appealing for the early abolition of the tael so as to unify the national currency system will be submitted to the National Government, according to a resolution passed at the closing session of the Conference of Chambers of Commerce of Kiangsu on May 20. It was also decided to urge the Central Government to issue a public loan for the exclusive purpose of increasing production in native industries.

In regard to foreign artificial silk the Conference decided to petition the National Government for the imposition of an 80 per cent import duty on artificial silk and related products. The appropriation of funds from the Boxer Indemnity Refunds for the establishment of artificial silk factories in China was also urged.

Legations Should Be Moved to Nanking

By C. Y. W. MENG 孟長沐

THERE are many abnormalities in China. We have seen foreign troops, fully armed, marching victoriously, at will, on Chinese territories; we have seen foreign gunboat free to sail, up and down, in the inner rivers of China; we have seen that foreign defendants are not tried in the Chinese courts, China being the only country in the world where the out-of-date extrality system still exists; and we have seen many so-called foreign concessions or settlements in different parts of China proper, which constitute "an empire within an empire." But all these abnormalities are something that are inherited from the last century.

"Sub-Legations" in Nanking

Six years ago when the National Government was first established, it was decided that Nanking should be the capital of China. One by one, the foreign powers granted recognition to China. But it is strange to relate that six years have now passed, but not one of the foreign powers has closed its legation in Peiping and removed it to Nanking. At present, some "sub-legations" are being established in Nanking. The United States of America, Great Britain, France, Germany and Japan have all established "sub-legations" in Nanking. Some of the sub-legations are established in the consulates, but most of them are established in different premises from the consulates, with regular staffs to handle the business—that is to say, these five powers have established two legations in China, one in Peiping and the other in Nanking, with the foreign ministers "flying between Peiping and Nanking." This is another abnormality in China that can not be found in any country in the world!

Legations in Peiping Should Be Closed

What the reason is for the non-removal of the foreign legations from Peiping to Nanking is hard to guess. At one time, it was attributed to the lack of accommodation facilities in the new capital. But this is apparently not true now. During these years many buildings have been erected by fortune-seeking landlords who have lost no time in putting up buildings and leasing them to the people. Some of the land companies in Shanghai have also opened up business in Nanking. They buy land from the poor farmers at cheap prices and erect "Shanghai style" or "foreign style" buildings to lease them to the people in Nanking. That the foreign legations in Peiping are not closed down is much to be regretted from many points of view. In the first place, the National Government of China is a government duly recognized by the foreign powers. From the standpoint of international equity and usages, the foreign legation should always be established in the capital of the country, no matter where it is. If the capital is removed, the legation should be removed also. At present none of the foreign legations in Peiping has been closed down and removed to Nanking. The Chinese presumption is that the foreign powers, though they have duly recognized China, have nevertheless no confidence in the National Government believing that the present regime might be overthrown and the capital might be moved back to Peiping. Their desire to accord recognition to China was only due to their desire to further commercial interests in China rather than a genuine desire, coupled with every confidence, on the part of the foreign powers, in the Chinese people to put their own house in order—a confidence which is generally necessary before recognition could be accorded to a country. Certainly, this presumption produces some bad feelings in Chinese minds, and the more enlightened Chinese people consider the non-removal of the foreign legations to Nanking as an insult to the National Government and the people as well.

10,000 Soldiers Protect "Empty Legations"

These legations are not only inconvenient to the powers concerned but also a source of great embarrassment to them. During the revolt in 1930 when General Yen Hsi-sen revolted against the Central Government, the first thing that the rebels did was to approach the foreign legations in Peiping for "some understanding" and for "formal recognition." The so-called Manchoukuo, a puppet government under the Japanese management, is sure in due course, to approach the foreign legations with the same purpose in mind. The existence of the foreign legations in Peiping is indeed undesirable. Yet, it requires about 10,000 foreign soldiers, stationed mostly in Tientsin, to protect the "empty foreign legations" in Peiping!

One of the purposes of establishing a legation in a country is to establish a close and direct contact with the government to which it is accredited. At present, these five foreign powers maintain two legations in China, one in Peiping and one in Nanking, with the foreign ministers flying between these two places. It is fortunate that the air service between the former capital and the new capital is now open, and thus it takes only about eight hours to get from one place to another; otherwise it would take the foreign ministers two solid days to travel by train. Yet, there are still many inconveniences. The air service runs only once a day with a capacity to accommodate only about three or four passenagers. At present, the service is by no means regular. So it is not infrequent that General Chiang Kai-shek has to place his private plane at the disposal of the foreign ministers. Sir Miles Lampson was carried back to Peiping by General Chiang's plane after effecting a compromise between the Chinese and Japanese. So another question arises: Inasmuch as the foreign legations in Peiping now exist only in name and the foreign ministers have, on every occasion that they have any dealings with Chinese officials, to come down to Nanking, as the Chinese maintain no diplomatic offices in Peiping, why are not the foreign legations in Peiping closed down and sold and the money so derived used for the construction of new foreign legations in Nanking?

The closing of the legations in Peiping would simultaneously mean the withdrawal of the foreign troops from Tientsin, which were sent to protect the legations, and this would mean quite a great saving to the home governments during these days of world-wide general depression, when every government has to cut down its expenditures.

In other words, whatever reasons may be advanced for the non-removal of the foreign legations to Nanking, the foreign powers would have to admit that they maintain them because they have no confidence in the present regime. From the standpoint of Chinese opinion, there is no reason why the foreign legations should reman in Peiping, with the sub-legations in Nanking. Probably, every foreign power wants to remove its legation to Nanking, but no power is courageous enough to take the initial step. However, it is our opinion that no matter what political changes might be brought about, Nanking will always remain the capital of China. During the Sino-Japanese crisis, it was proposed at a meeting of the Central Political Council that the capital should be Sian, but the final decision was that Nanking should remain the capital of China with Sian as "co-capital." Should any power be brave enough to take the step of removing its legation to Nanking, it would soon be followed by all other foreign powers having treaty relations with China, and not only this, such a step would have the very effect of increasing the friendly feeling of the Chinese toward the foreign powers.

Nanking, Jnne 13, 1932.

Statistics of 1931 Floods Compiled by College of Agriculture

The College of Agriculture and Forestry of the University of Nanking, in cooperation with the National Flood Relief Commission has made an economic survey of the 1931 flood in China, which is embodied in a 74-page brochure. A shaded map accompanying the brochure shows the degrees of flood in the varions affected areas in the Yangtsze and Hwai river valleys. Tables accompanying the report contain information as to damages, loss of animals, implements, food, furniture, details of migrations made necessary, etc.

The Chinese farm population affected by the floods was equal, approximately, it is recorded, to the entire farm population of the United States. Forty-five per cent of all farm buildings in the flooded area were destroyed. Forty per cent of all persons in the flooded area were forced to migrate either to nearby high land or to other countries for the greater part of the winter season. The average maximum depth of water on fields was nine feet. The total loss is about two billion Chinese dollars not including losses of broken dykes, road damage, and second crops of rice and winter crops which could not be planted. The percentage distribution of such loss among different items is as follows: crops flooded, 47.1 per cent of all losses; buildings, 23.7 per cent; labor animals, 7.1 per cent; implements, 6.2 per cent; stored grain, 4.1 per cent; clothing and bedding, 3.6 per cent. The average total loss per family is put at $457 Chinese currency. In November, at a time when the real pinch of the famine had not yet come, the diet of the flood affected persons was already reduced by nearly a third from the usual diet, which is generally already a minimum for existence.

Agricultural Extension Methods

BY J. LOSSING BUCK
(University of Nanking)

THE methods by which improved agricultural practices are carried to farmers determine the rate of agricultural progress of any nation. The better methods that have been adopted in a country like the United States are the result of the discovery of certain fundamental principles in extension work just as "principles" have been discovered in the various sciences. It is the purpose of this article to summarize briefly the methods used in the United States and to point out possible methods for China.

Before proceeding with a discussion of methods it may be well to explain the organization of extension work in the United States. Most counties (hsiens) have county agricultural extension agents employed by farmers. The salaries of these agents and the expenses of the extension work of the county are supplied in part by the farmers themselves, in part by the county government and in part by the United States Department of Agriculture. In addition, there are state agricultural extension specialists who are connected with the state agricultural colleges. These men usually cooperate with the county agricultural extension agents in extension work.

The principle is one of making it possible for farmers to help themselves. The United States Department of Agriculture does not try to do the work itself but it subsidizes the county farmers' organizations known in many counties as farm bureaus, and permits the local organization to determine its program and employ its own agricultural expert. In this way, much more effective work is done than if the government tried to carry on extension work directly among the farmers.

For the fiscal year ending June 30, 1929, over 23 million dollars were expended by the Federal Government for this cooperative extension work. Nearly $500,000 came from county appropriations, local organizations and individuals. Of the total, 98.2 per cent was spent in the different states while only 1.8 per cent was used for administrative activities of the Federal office at Washington, D. C. County agricultural extension agents received 61.9 per cent of the entire budget.

Agricultural Extension in U.S.A.

The work of the Federal Government of the United States in agricultural extension is conducted through the office of cooperative extension work and this office has made a study of 30,000 instances of the adoption of improved practices by farmers and farm women on nearly 10,000 farms in representative areas of 39 counties of 14 states. This study gives a summary of the cost and success of the different methods used.

In the study of the efficiency of the different methods of extension work, twelve methods are reported. The average cost of all methods involving the adoption of some improved agricultural practice was G$4.74 per practice. The lowest cost was for the printing of agricultural news items in the daily newspapers and in farmers' magazines, such cost being only $1.70 per new practice adopted by the farmers. The highest costs were for exhibits and amounted to $26.33 per new practice adopted by farmers. A comparison of the costs per practice for the different methods used in extension work are given in the accompanying figure. The item entitled "Office calls" refers to visits of farmers to the office of the county agricultural agents. "Farm or home visits" refers to visits by the agricultural extension specialist or agent to the farmer's farm. "Leader training and method demonstrations" refers to the training of local people to understand the new practice with the idea that these local people will then pass on the information to others. "Result demonstrations" are similar to what have often been called "farm demonstrations." The method used is to approach one of the more progressive farmers in the community and to explain to him the advantage of the new agricultural practice. Usually the more progressive farmers will be willing to try out a new practice and the idea of the "result demonstration" is to have the farmer try out the new practice on his own farm with his own land, his own labor, and his own fertilizer.

Cost per improved farm practice for 12 different Extension methods

Item	*Cost in Gold*
News Service	$ 1.70
Circular Letters	2.59
General Meetings	2.76
Office Calls	3.04
Bulletins	3.38
Farm Or Home Visits	4.19
Leader Training and Method Demonstrations	4.55
Result Demonstrations	10.08
Corrpesondence	10.53
Telephone Calls	10.77
Extension Schools	13.94
Exhibits	26.33

When the farmer tries such an improved practice and is successful his neighbors will see the results and will of course want to try it too. In this way, the practice will spread throughout the countryside. To help it spread more rapidly it is usual for the extension specialist to visit the farmer when the demonstration is at its best and to call in farmers from the whole township or several townships to see the "result demonstration."

Of course, before using this result demonstration method, the extension worker must be absolutely certain that the new method is better than the one the farmer has been using. This means that careful experiments should have been made to prove that the particular practice is an improvement over other known methods. Statistics show that "result demonstrations" cost over two times the average cost of all practices adopted. This does not mean that the method should be given up. "Result demonstrations" are unquestionably fundamental to successful extension teaching as a means of establishing local proof that the practice is a good one and for building up confidence in the recommendations of extension workers.

The Value of News Services

One reason why the news service is so cheap is because as a result of the outcome of result demonstrations farmers have come to believe in the word of the extension workers. Thus, when they read an item in the newspaper about some new practice, the farmers believe the suggestion to be a good one and often attempt to use it immediately. Another reason why the news service is cheap is because the newspapers pay all the expenses except that of the time used by the extension workers in preparing news articles. Of course, in China, the newspaper cannot have nearly the influence that it does in the United States because most of the farmers cannot read. Result demonstrations are, therefore, especially important in the beginning of agricultural extension work and are to be highly recommended as being among the best methods of extension work.

General meetings are only-third in the list of costs for new practices adopted, and represent a cost of G$2.76 per practice adopted. Here again this low cost is because the general meeting is dependent to a large extent on the confidence in extension workers built up as an outcome of result demonstrations.

Method demonstration and leader training costs $4.55 per practice adopted. This is a little below the average cost for all methods. This method is one which should be used more extensively in China. Institutes for hsien magistrates, township heads, village heads, rural teachers and rural pastors are more and more common and they should afford an excellent opportunity for spreading new practices.

Our conclusions from the experience of agricultural extension work in the United States are that a national government should make it possible for farmers to develop their own organizations and to employ agricultural extension workers within their own organization. The government can help best by subsidizing such farmers' organizations. Many methods of extension work among the farmers themselves may be used. At the present time, the result demonstration is most helpful for China. On the other hand, probably a greater use of the newspaper would be advantageous because most people who can read will take a newspaper or magazine and probably

it is cheaper to make known new agricultural practices through the medium of such papers than in any other way.

It is doubtful if agricultural organizations can afford to issue agricultural periodicals with the idea of extending improved practices, first, because of the expense and second because it is difficult for any agricultural organization to issue good articles regularly. Probably the work of agricultural organizations should be confined to the issuing of bulletins and special circulars, and to news items for use by current publications.

Above all, agricultural organizations in China should not expect to improve agriculture through establishing demonstration farms. A few demonstration farms were established when agricultural improvement first began in the United States. It was not long before such so-called 'model farms' were proven to be anything but model. Such farms are 'special' and they can never in any way demonstrate to the farmers how their own farms can be operated. Moreover, demonstration farms or model farms are very expensive and difficult of management by the organization establishing them.

The one important principle to be followed in all improvement work in the rural districts is that of confining extension work to the stimulating of farmers to bring about improvements themselves. Farmers, like other people, prefer to manage their own affairs. They will welcome improvements if introduced to them but not if imposed upon them by some outside organization. Farmers have the same attitude toward outsiders as the people of one country have toward the people of another. The Chinese people do not want another nation to come into China and run the Chinese government for them. Neither do farmers of any village in China want city people or any organization to come into their village to carry out reforms for them. The outside individuals or organizations may have to be the stimulus but must not come into the community and carry the program themselves. The function of the outside individuals or organization should be confined to organizing the farmers to help themselves to bring about improvement.

It is evident, then, that while in the United States the news service is the cheapest method of extension work it cannot be very effective in China until farmers have newspapers and can read them. The result demonstration, which still uses 40 per cent of all extension funds in the United States is probably the most effective method for China in the present stage of agricultural improvement. General meetings and farmer's institutes should be quite effective in areas where result demonstrations are also conducted. The least effective method is the "model farm" or "model village" idea and this method should never be used. Above all, the agricultural extension worker must remember that the underlying principle is the self-help principle, i.e. stimulating the farmer to help himself.

Nanking, June 13, 1932.

Birth Anniversary of Founder of China Inland Mission

According to an article in the *London Times* on May 21, that date marked the hundredth anniversary of the birth of J. Hudson Taylor, the Barnsley chemist's son, who founded the China Inland Mission—now the largest mission in China. The *Times* said: "Centenary meetings will be held at Barnsley, when the speakers will include Dr. Howard Taylor, the founder's son, and Mrs. Taylor, Mr. Marshall Broomhall, the founder's nephew, Sir Montagu Beauchamp, one of the famous Cambridge Seven, who joined Hudson Taylor and went to China in 1885, and the Rev. W. H. Aldis, the present secretary of the China Inland Mission. The same speakers will attend further centenary meetings at Hull during the following week-end (May 28 to 30). It was at Hull that Hudson Taylor had his first experience of medical work (he qualified some years later at the London Hospital), as assistant to Dr. Harvey, of Charlotte-street. Hudson Taylor went to China in 1853 as a missionary at the age of 21. The C.I.M. was founded by him 12 years later with a £10 deposit in the London and Country Bank. Since then nearly £5,000,000 has been raised by the mission, though no collections or appeals are authorized, and the mission has never been in debt."

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61-107

A Scapegoat Wanted by the Japanese

BY PAUL K. WHANG (汪仲芳)

EVIDENTLY through the miscalculation of the strength of the Chinese military machine, Japan's Shanghai adventure resulted in a complete failure, which cost her an enormous amount of money, lives of several thousand soldiers including that of the Commander-in-chief, the valuable China trade, and, what is more, the international prestige. It might be recalled that the alleged purpose of the Japanese government to send an expeditionary force to Shanghai was to protect the lives and property of the Japanese people. But after Rear-Admiral Shiosawa failed to carry out his promise to drive out Chinese soldiers from Shanghai within six hours and Chinese defenders managed to hold their ground against the invaders, the Japanese had to rush troops after troops to Shanghai, and in order to justify their action, they propagated the idea that they were fighting for protecting the Shanghai International Settlement from the menace of Chinese "communists." In the meantime, the Japanese broadcasted to the world the plan of demilitarizing five Chinese ports and the Shanghai "Free City" scheme in the hope of winning the sympathy of neutral foreign Powers and of possibly enticing any one of them into the entanglement. Under the banner of "Shanghai's saviors," the Japanese pushed their armies westward after the withdrawal of Chinese forces around Shanghai. While they were on the point of forcing China under duress to give Chapei and Kiangwan as their concessions, the growing alarms in Manchuria through the up-risings of anti-"Manchukuo" forces and the strained relations with the Soviet necessitated them to seek an early liquidation of the Shanghai impasse, so that they could transfer their troops from here to Manchuria to cope with the situation there and to keep safe their "prize of Manchuria." This same necessity also accounted for the complete withdrawal of their armies within one month after the signing of the Shanghai peace agreement.

Japan Tries to Drag in Other Powers

When the Japanese suddenly decided to withdraw their troops, a spokesman of the Japanese Foreign Office was quoted as declaring that "Japan really had been fighting the battles of the other nations at Shanghai, but only had received world odium for her efforts." Mr. K. K. Kawakami, in his new book "Japan Speaks," says, "Whatever the official explanation, whatever the extenuating circumstances, Japan's single handed intervention in the Shanghai area is a blunder of the first magnitude," and contends that Japan has been made the catspaw of the "die-hard foreigners." All these tend to lead us to the belief that Japan has been made a scapegoat in her Shanghai adventure. Whether there was some collusion between the Japanese and certain Shanghai interests in the Japanese intervention of Shanghai and in the promotion of the Shanghai "Free-City" scheme, can not be told; but one thing is certain, that is, the Japanese have been determined to drag some of the neutral foreign Powers into the Shanghai entanglement so as to make itself less odious in the eyes of the Chinese people. Although the Shanghai crisis has been liquidated, the atrocities perpetrated by the Japanese will be long remembered by the Chinese, and the anti-Japanese feeling can not be subsided by the withdrawal of Japanese troops. With the feeling of patriotism worked up among the Chinese people during the Sino-Japanese hostilities, the boycott movement can not be expected to be abandoned after "five-minute duration." In order to recover China trade upon which they have made their livelihood, the Japanese have to seek some means to extricate themselves from the present impasse and to divert Chinese antagonism from themselves to some other nationals. Of all the neutral foreign Powers, the United States, France and Great Britain have special interests in this international city. But the United States, a proverbial friend of China has been strongly opposed to the Japanese imperialistic policy in Manchuria and in Shanghai, and France, a friend of Japan, is commercially insignificant to deserve the Japanese attention. Thus the country which the Japanese are anxiously trying to draw to their side to share the Chinese antagonism is Great Britain, their old ally and rival in China's cotton trade. It must be noted that Great Britain has gained China's cotton trade at the expense of the Japanese since the anti-Japanese boycott movement. In order to recover their lost cotton trade, the Japanese have to arouse Chinese antagonism against the British people as well.

The British people have played into the Japanese hands before. In 1925, when the anti-Japanese movement was in full swing as a result of killing a Chinese worker in a Japanese cotton mill, demonstrators on the Nanking Road were fired at by the municipal police under the command of a British officer resulting in the killing and wounding of a score of Chinese including several students. This tragedy, now known as the May 30th Affair and commemorated every year, soon changed the Chinese feeling from one of anti-Japanese to that of anti-British, and the boycott movement against British goods spread all over the country. The British merchants in China lost considerably through the loss of China trade, most of which went into Japanese hands. The strong hand policy of the Baldwin government helped the Japanese materially in blasting their cotton trade in China, when the Chinese merchants, instead of importing cotton goods from Manchester and Lancashire, looked for their supply to Kobe and Yokohama. The friendly relations between Great Britain and China were not restored until after the ascendancy of the Labor Party into power and the appointment of a liberal-minded man in Sir Miles Lampson as Minister to China.

Since the Manchurian event last September, British cotton goods have once again dominated Chinese markets. As cotton goods constituted the principal Japanese export to China in the past few years, the Japanese must by all means break down the present British domination of that trade. The short-cut way to that end is to arouse the Chinese antagonism toward the British by setting a net into which the British will likely fall. As Shanghai is completely under the British domination, any plan calculating to tighten the British control of Shanghai will certainly appeal to the psychology of the British people. Thus the Japanese government, since the signing of the Shanghai peace agreement has urged the convocation of a round-table-conference participated by four neutral Powers besides China and Japan to discuss questions relating to the making of Shanghai an international free port and the creation of a demilitarized zone. In urging the convocation of such a conference, the Japanese, on the one hand, can vindicate themselves that they have no ulterior motives in dispatching troops to Shanghai, and on the other hand, can divert the Chinese antagonism from the Japanese alone to some other nationals who have long cherished the ambition of making Shanghai a free port. Failing in achieving their primary objective to wrest some concessions from China so as to create Japanese hegemony in Central China, the Japanese have since posed as "Shanghai's Saviors" and propagated the idea of making Shanghai an independent state among the foreign residents here. Fundamentally the Japanese are not much interested in whether Shanghai is made a free port or not, because it will always be under British domination. Boiled down to essentials, what the Japanese have in mind now is to initiate a plan and let some foreign nationals, presumbly the British people, bear the ill-consequences of pushing that plan into consummation.

How the British Play into Japanese Hands

The developments so far are all that the Japanese have expected. The British Residents' Association, at the head of which is H. G. W. Woodhead, a British journalist who conducts a "One Man's Comment" column in the *Shanghai Evening Post*, has taken the lead in organizing the commercial interests of Shanghai to support a plan to bring about the convening here of a Round-table-conference of world Powers and China to discuss three problems: (1) Outside roads; (2) Armed Chinese forces around Shanghai; and (3) The working of the District Court. Since Mr. Woodhead denied his connivance with the Japanese government in formulating such a scheme, we presume that he himself is responsible for drafting his scheme and also its agenda. His scheme, as reported by the *China Press* on June 2, has been approved and endorsed by the Shanghai General Chamber of Commerce, whose membership includes representatives of the various foreign chambers of commerce in Shanghai. Various Chinese bodies are strongly opposing the scheme espoused by Mr. Woodhead, and the Shanghai Federation of Anti-Japanese and National Salvation Association has even gone to the extent of proposing a boycott of British goods.

While we accept in principle the convening of an international conference to seek a settlement of various Sino-foreign problems including the Manchurian question, we do not see how a man who is reputed to have more than two score years of experience in the Far East can lay down such an agenda to be considered by the Chinese in a Round-table-conference at the present time. If Mr. Woodhead thinks that the Chinese people of today will agree to waive their jurisdiction over the extra-settlement roads, to withdraw their soldiers permanently while the foreign countries can maintain their respective military and naval forces here, and to reinstitute the old Mixed Court, he certainly underestimates the intelligence of the Chinese people. Mr. Woodhead may through his propaganda arouse enough foreign interest to carry out his scheme, but he can not cow the Chinese into submission, and on the contrary will only incur Chinese wrath so much so that all the British merchants here will suffer its consequence. If he does not trim his sail now, he will certainly lead the ship of the British trade on a rock. It is most deplorable that the friendly relations between China and Great Britain which have been promoted by the far-sighted statesmen in the past few years will be again jeapordized by a few "die-hard British residents." They may deny themselves to be the accomplices of the Japanese, but that they have played into the Japanese hands is a matter of certainty. Will history repeat itself so that Great Britain will once again turn out to be the scapegoat of the Japanese?

Shanghai, June 13, 1932.

Japanese in North Philippines

(Extracts from an Editorial in the Manila Bulletin)

There is a considerable undercurrent of nervousness over the reports of Japanese timber cutting and fishing invasion in the extreme northern part of the Philippines. The investigations which are in progress are thoroughly justified. The Japanese frequently are suspected of doing things of which they are not guilty, but it is largely their own fault that they are suspected. Putting it mildly, they frequently are too careless in the matter of boundary lines. It is not sufficient that they merely do not know whose property it is they take, whose fish they catch and whose trees they cut. It is imperative that they know whose grounds they are on. If they are going to take property it is quite necessary that they definitely know it is theirs before they take it. If they don't know they had better leave it alone.

If they don't want to be suspected because of their doings in the North Philippines they had better stay strictly to their own territory and to their own rights. That is a sound policy from the official, as well as from the personal, point of view. Officially and personally it should be understood that the excuse that fishermen and timber cutters didn't know they were out of bounds will not be accepted as valid and sufficient when it is repeated. The responsibility to know must be recognized.

The present investigations should result in establishing the definite fact that the recognition of that responsibility is to be insisted upon.

Indian Political Prisoners to be Transported to Andaman Islands

A fleet of ships is scheduled to sail from Bombay in the near future loaded with thousand of Indian political prisoners; they will be shipped to the convict colony in the Andaman Islands in the Indian Ocean. This measure is being taken by the Indian Government to lighten the congestion in the prisons of India, which during the last few months have been filled with more than 70,000 political prisoners. Only the less dangerous men and women are to be kept in India. Some time ago the British authorities released hundreds of ordinary criminals to make room for the political offenders.

Moslims Oppose Feminism and Labor

The Moslim Congress at Bombay last week passed a resolution against the extension of civic rights to women and industrial workers, which was recommended by the British parliamentary Commission. The reasons for this refusal are said to be that Moslim women must live in seclusion, and have their faces veiled. On the other hand, the industrial labor in India is mostly done by Hindus, so that the granting of civic rights to this class might upset the balance in popular assemblies in favor of Hindus.

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61-109

The Political Complications in South China

(By Our Canton Correspondent)

Canton receives the news of the resignation of General Chen Ming-shu, the Minister of Communications, with some surprise and much speculation as to the outcome of the political situation in Fukien and Kwangtung. Because of General Chen Ming-shu's long association with the Kwangtung Provincial Government with which he served as the Provincial Chairman from November 1928 to May 1931 and the fact that his Ninteenth Route Army divisions are about to be dispatched from Shanghai to Fukien his proposed resignation in Nanking has led to the spread of rumors in the South where it is considered likely that the discontented naval commanders who are seeking to establish an independent naval regime in Hainan may endeavor to form a new alliance with the Nineteenth Route Army officers in Fukien.

This new move on the part of the Hainan commanders and Admiral Chen Cheh who is sending representatives to Fukien to interview the Cantonese officers of the 19th Route Army is considered most significant as the accomplishment of the new re-grouping may lead to a war between Hainan and Canton. Above these political complications and uncertainty there is a strong under-current of discontent among the intellectual classes in Kwangtung decidedly against another civil war in Kwangtung. Disgruntled politicians seeking an excuse for attacking the present Government in Nanking by levelling criticisms on the Executive Yuan's handling of the Shanghai truce with the Japanese are now keeping silent when their recommendations secure no ready response from the public organizations.

The agitation against another war in Kuangtung has taken shape in the organisation by large numbers of undergraduates of the Canton universities to present petitions to the military commanders in the opposing camps. The students denounce the Hainan merchants' suggestion for the organisation of a punitive campaign to Hainan when it was found that in making this recommendation these merchants were inspired by political elements. Meanwhile the disturbing news has been received that the Commander-in-chief, General Chen Chi-tang, has ordered further mobilisation among his loyal regiments in southern Kwangtung and heavy troop concentrations are reported in Kaochow and Luichow.

Hainan Island Isolated

Realising the strength of the opposing naval officers in Hainan the commander-in-chief, General Chen, is content with the isolation of Hainan by placing strong garrisons in districts surrounding Hainan Island. The Canton Government while in possession of the majority of the military airplanes is lacking in big gunboats to transport the army on an expedition to Hainan. Meanwhile General Chang Hui-chang, one of the "recalcitrant leaders" has succeeded in purchasing some American airplanes from Manila for Hainan. All these military measures and troop movements point to a Canton-Hainan war as almost inevitable, but the interesting point which causes speculation is whether the Nineteenth Route Army divisons which were forced to withdraw from Kwangtung in 1931 by the influence of General Chen Chi-tang last year would join hands with Hainan to regain their positions in Kwangtung.

Suspicious of the intentions of the Nineteenth Route army the Canton Government has recently ceased the monthly contribution of $200,000 for this army, giving the pretext that the seizure by the insurrectious naval commanders of about $200,000 monthly revenue in the thirteen Hainan districts has caused stringency in the Kwangtung Treasury.

World Industrial Output Reverts to 1913 Level

The Institute of Economics at Berlin has published a detailed report on the output of world industry. Industrial production, according to the report, has declined steadily during the past few months, while comparative figures reveal a startling state of affairs.

Taking the index figure of 100 as representing world industrial production in 1928, the output dropped from 81 in December, 1931 to 74 at the end of March, 1932. The aggregate output of world industry has thus reverted to the level of 1913. The report of the Institute emphasises the fact that only in Soviet Russia has any production increase been registered recently, while industrial decline is most marked in Germany and Poland, the countries most affected by the economic crisis.

No More Civil War (Pacist) Movement

HERMAN C. E. LIU

CIVIL war is the curse of China, and it is the chief cause leading to foreign invasion. No one can help us unless we help ourselves. The best way to help ourselves and check foreign aggression is for our leaders to sink their personal differences and unite together to stop the internal strife forever, and push forward all forms of constructive enterprises. If there was ever a time when national unity was imperative for the welfare of the nation, it is today. All patriotic citizens in China should rise up and join the Pacist Movement. (The word "Pacist" is derived from P. A. C., which stands for "Peace Association of China," and also "Pact for Anti-Civil War.")

A public uprising is needed to compel the government leaders, militarists, and politicians to solemnly renounce civil war as an instrument to settle political controversies and agree to seek the settlement of any dispute by none except pacific means. We should go on record stating our determination not to sanction any future civil war nor participate in it, and resolutely to dedicate ourselves to the task of national reconstruction.

The following program is suggested for consideration and adoption by the peace-loving citizens of the country:

1. *Anti-Civil War Pact.* Let us secure as many leaders of the country as possible to make the following pledge: "I solemnly pledge to work hard for the reconstruction of new China, to neither support nor take part in any civil war, and to do my best to stop it."

2. *Non-cooperation Toward Violators of Peace.* We should determine to declare non-cooperation toward those who threaten or destroy national peace. Bankers should refuse loans; industrialists and merchants should refuse supplies; workers should refuse service; and the general public should boycott and ostracize the traitors of the country. If many of our people adopt such a policy and refuse to engage in civil war services of any kind, under any circumstances, it will accomplish the desired result.

3. *Reward for Leaders of Peace and Reconstruction.* To those leaders who stand for national peace and work hard for the reconstruction of the country, we should give our enthusiastic support. Let us devise appropriate ways and means to give them the necessary encouragement. We might consider adopting a method similar to the Nobel Prize offered by Sweden, or the Hall of Fame in New York City.

4. *Peace Education.* Various methods should be used to teach the youth and adults of the country regarding the horror of civil war and the importance of national peace. We must show how ineffective and suicidal civil war is as a means of settling political controversies, and point out the necessity of national unity for the reconstruction of new China.

Shanghai, June 1, 1932.

One Reason for Poor Quality of Japanese Propaganda

(Japan Chronicle, June 10)

We have to apologise to all Americans. Some time ago it was conjectured in these columns that "P. Ohara," in the *Manchuria Daily News*, was an American. We learn from the *China Weekly Review*, of March 26th (which, by some postal freak, has only just arrived), that P. Ohara is of British nationality, his proper name being George Gorman, and that he was editor of the Japanese propaganda paper in Peking, the *North-China Standard*—a venture which must have cost Japan a good deal of money and never did anything but discredit her. The Shanghai paper calls P. Ohara a Japanese pseudonym. The Ohara part of it is good enough Japanese, but would be rather difficult to discover a personal name in Japan beginning with "P." Mr. Gorman is still "Facing Facts in Manchuria" in the Dairen paper. We have on an earlier occasion pointed out the dubiousness of some of them, and we observe that Mr. Wellington Koo has also been correcting some of his facts. No wonder the Japanese are always complaining of the poor quality of their propaganda.

Central Bank of China Earns Handsome Profit

A report was issued by the Central Bank of China last week showing the condition of the bank together with a profit and loss statement for 1931. The report was approved by T. V. Soong, Minister of Finance, and governor of the bamk, and Jian H. Chen, deputy governor. The profit for the year was $4,870,403. The principal items in the statement are as follows:

Total liabilities of the bank are $145,331,819.98, which are made up as follows: capital $20,000,000.00, reserves $3,496,455.68, notes in circulation $25,173,349.00, deposits $89,750,920.34, accrued items and accounts payable $836,748,45, other liabilites $1,203,942.78.

The net profit for the year ending December 31, was $4,870,403.73.

The asset side of the balance sheet tallies cash on hand to amount to $15,772,651.48, and cash on call in banks at $21,635,151.30, a total of $37,407,802.78, cash. Reserve funds against notes in circulation are set at $18,795,349.00, cash and $6,378,000 securities, a total of $25,173,349.

Other assets are listed as follows: loans, discounts, and overdrafts, $75,041 108.13; government securities owned $480; bank premises, $3,357,665.95; furniture and fixtures, $215,473.17; accrued items and accounts receivable $1,277,405.69; and other assets, $2,853,535.26.

Net profit made by the bank during 1931 amounted to $4,870,404.73. Other items of profit, which brought the total profit to $8,016,912.86 were: management and general expenses $2,349,398.90, bank note printing cost written off $449,582.61, depreciation of land and building written off $167,883.30, depreciation of furniture and fixtures written off $38,024.66, preliminary expenses written off $40,152.62, loss on government securities owned $18,505.52, and staff's provident fund $82,961,52.

Net interest of $4,409,864.71 and commission exchanges etc. of $3,607,048.15 brought the total to $8,016,912.86 to balance the profit and loss sheet.

The Supervisory Committee made its regular examination of the reserve against note issue of the Central Bank on June 10. The committee certified that the bank had cash reserves above 60 per cent and security reserves above 40 per cent, as required by the regulations. The total amount of notes in circulation is $29,399,340, against which the bank held $23,875,906 in cash, the balance representing the security reserve.

American Industrial Leaders Go to Soviet Russia for Business

More than a hundred representatives of the largest industrial and financial enterprises in the United States attended a banquet June 2 given by the Cleveland (Ohio) Export Club. Among the guests were Colonel Hugh L. Cooper, who was employed by the Soviet Government as chief consulting engineer in the construction of the great Dnieper River dam, and M. Bogdanov, chairman of the board of Amtorg, Soviet trading organization in the United States.

Colonel Cooper said that during the summer eight representatives of the most influential business groups in the U.S.A. will depart for the U.S.S.R. to investigate market conditions in that country. "I am convinced," he said, "that normal Soviet-American relations in the matter of trade would do more to improve the position of world industry than anything else could."

M. Bogdanov remarked on the growth of interest in the development of Soviet-American trade, and urged that the present restrictions on Soviet imports into the United States should be removed.

Manchukuo Invokes an Inhuman Naturalization Law

Henry Pu Yi, chief executive of Manchukuo, issued a decree last week concerning the national status of those living in Manchuria, the main points of which are as follows:

That Chinese now in Manchuria but not born there will be classified as foreigners. They can apply for "Manchukuo nationality," but so far as those working on the railway are concerned it is expected that if their applications are refused or if they do not make application they will be discharged from railway employment. This also is understood to apply to employment in all Manchukuo institutions. Residents of Manchuria Russian-born, but now Chinese subjects, to be classed as foreigners, but may attain Manchukuo nationality by applying for same.

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31st U. S. Infantry Is Ordered Back to Manila

The 31st U. S. Infantry, after having been on duty in Shanghai for four months, received orders June 10 to return to Manila on the U. S. transport *Republic*, which is due to arrive here from Tientsin June 30 and sail for the South on July 1. There had been rumors previously that the 31st would be recalled and when the Shanghai Municipal Council had officially cancelled the "state of emergency" it was a foregone conclusion that the days of the American soldiers in Shanghai were numbered.

The 31st landed here February 6 in wintry weather, having been brought here from the sultry Philippines in double-quick time. Its arrival here was marked with a parade up Broadway, with Colonel Gasser at the head, after the men had been landed from the U. S. transport *Chaumont*.

The 1,200 officers and men moved into the front lines on February 19, relieving the Light Horse and Light Gun Batteries of the Shanghai Volunteer Corps. They guarded the Chapei front until the cessation of hostilities. Random shells endangered them often, but they suffered no casualties. There were several "verbal scraps" with the Japanese forces, but cool heads on both sides prevented matters going any further. The 31st Infantry has a unique history. It was organized in Manila in 1916 to proceed to Siberia to fight the Bolsheviks and since 1919 has functioned in the Philippines, except for this incursion to Shanghai. Manila is its home base. It has never served on the mainland of the United States.

Mayor Wu Entertains Notable Gathering at Tea

Mayor Wu Te-chen of the Municipality of Greater Shanghai entertained a large gathering of foreign and Chinese notables and their wives at a tea at his residence, 242 Avenue Haig, Shanghai, on the evening of June 11. K. Murai, Japanese consul general, was among those present, this being his first public appearance following the bombing incident in Hongkew Park. Besides consuls general of various powers, led by E. S. Cunningham, American Consul General, many notables attended the party. They included Messrs. Yu Ya-ching and Yuen Li-den, Chinese councillors of the Shanghai Municipal Council, Quo Tai-chi, newly appointed minister to London, Mr. Horiuchi, secretary of the Japanese Legation, Captain Sugisaka, newly appointed commander of Japanese landing forces here, J. B. Powell, editor of the *China Weekly Review*, Mrs. T. V. Soong, wife of T. V. Soong, Miss Margaret Chang, former student of Yenching University, and many other foreign and Chinese friends of the mayor.

Memorial Service Held for Chinese War Dead

A memorial service for the Chinese officers and soldiers killed in the recent war operations around Shanghai was held Sunday, June 12, at the headquarters of the Special district Chamber of Commerce, North Honan road. General Tsai Ting-kai, field commander of the 19th Route Army, addressed a large audience, expressing gratitude for the support the Army had received from the Chinese public. Many prominent local Chinese civil officials were in attendance. The premises were closely guarded because of rumors that radical elements intended to create disturbances. These disturbances did in fact develop, but in another quarter. Thwarted in their attempts te "get at" the persons conducting the memorial service the several hundred radical agitators staged a demonstration at the West Gate, which at one time threatened to assume serious proportions but with the arrival of Bureau of Safety Police who made a baton charge the crowd was dispersed. The demonstrators at the West Gate said their aim was to register a protest against the recently signed Sino-Japanese armistice agreement.

Discharged General Motors Employees in Japan to Get Yen 130 Each

Owing to the business depression, the General Motors Japan, Ltd., recently had to discharge 150 employees from its Osaka plant and as a result there arose considerable friction with the employees of the company as a whole. When representatives of the workers called on the company's manager on June 2 the latter explained that discharge allowances would be paid. The workers' representatives however demurred, objected to the dismissals, and said the matter would be discussed at a mass meeting of the workers. Later an agreement was signed, paying Yen 130 to men discharged, this being in addition to the customary retiring allowance.

Prominent U. S. Senators Favor Recognition of Soviets

Senator W. E. Borah, chairman of the Foreign Relations Committee of the U. S. Senate, who has for some time past urged that the United States should recognize Soviet Russia, has had the satisfaction of seeing his point of view gradually gaining ground. Mr. Borah rests his arguments for recognition partly on political considerations arising out of the Far Eastern unrest and partly on the fact that recognition would ensure an increased market for depressed American industry. A recent poll of the members of the Foreign Relations Committee made by the *United Press*, showed that fully half of them favored closer relations with Russia if not complete recognition. Such prominent political leaders as Senator Hiran Johnson, from California, and Senator John T. Robinson, Democratic floor leader, and Senator George W. Norris, Progressive Republican, are supporting Mr. Borah in his compaign to recognize the Soviets. Senator Johnson, among other things said that while the United States does not want another world war, whether it starts in the Far East or elsewhere.—in any event Japan would not have the moral support of the United States in any attempted conquest of Russia and the U.S.A. should make this clear.

General Chiang Kai-shek Denounces Japanese Imperialism

Japanese imperialism was denounced in no uncertain terms by General Chiang Kai-shek, president of the Military Affairs Commission, in a speech before officers and soldiers of the 87th Division which he reviewed in Nanking June 6 at the Aviation Field. Over 20,000 officers and men of this crack division which now garrisons the capital, headed by General Huang Ching-chiu, Vice-Commander of the Division, paraded in military array before General Chiang Kai-shek, and his associate generals. After warmly commending the troops on their fine record when defending Kiangwan against the Japanese invaders, General Chiang urged that they continue training intensively so as to be ready to defend the country at any moment. He then went on to remind the men that over 30,000,000 compatriots were now suffering under Japanese oppression in the Northeast which was being invaded and overrun by the troops of Japanese imperialism, the arch-enemy of China. "Such humiliation can never be forgotten. It is my hope that you will bear with fortitude the bitterness of the moment and prepare yourselves to defend further encroachments by alien aggressors," he said in conclusion.

Characteristic Slanders by Harbin Japanese Newspaper

A correspondent at Harbin gives an example of the despicable Japanese propaganda carried on by the Japanese in Manchuria. The Harbin *Nichi Nichi* of May 23, shortly after the departure of the League Commission from that neighborhood, published a scandalous and untrue story of the supposed relations of various members of the Commission and their advisors (all mentioned by name) with certain habituees of the "sporting" world of that city. The object of the publication of the article was, of course, to cast aspersions on the work of the Commission. In line with this policy this Japanese newspaper, the day before the Commission left Harbin, published an article declaring that as the League members had offended Manchukuo by requesting to see General Ma Chan-shan, the League had been ordered to leave Harbin the next day. As departure already had been arranged for that day, the League members did leave, and this gave apparent confirmation to the *Nichi Nichi's* slanderous statement.

North Korean Peasants Hit by Famine

It is reported that almost all the small farmers in South and North Kankyo Provinces of Korea are in distress, being confronted with starvation owing to bad crops last year. The famine-stricken peasants are leaving their homes to earn their living elsewhere in increasing numbers. Crowds of such helpless folks, some 15,000 in number, have already arrived at Fukeimyon, where the North Korea Branch of the Government-General Experimental Farm is situated and where temporary relief is being extended. The peasants are being sent to other parts of North Korea where they are employed in reclamation work.

Hunan Magistrate Issues Proclamation on Tea Industry

Hsiang Djen-feng, the magistrate of Anhwa-hsien, Hunan, recenty issued two proclamations on tea-production. After referring to the deplorable fact that the tea trade has been decreasing year by year, Mr. Hsiang gave detailed instructions regarding the work done by the farmers before the tea is delivered to the factories, viz., gathering in the tea leaves (which should be done in the early spring while they are still young and tender, etc.), the "rolling" (whereby the juice is twisted out of the leaves) and the drying (by sun or by fire). The farmers are strongly warned against uncleanliness as well as against any kind of adulteration of the product. Finally there are set forth a number of rules governing the measure of punishment that will be applied in case of negligence, and a number of instructions for the supervisors.

The second proclamation contains instructions for the tea-merchants. They are warned against receiving second class tea from the farmers. Methods of cleansing, sorting, drying and storing are pointed out, all with a view to securing a product of high quality.

Japanese Heap Indignities on Canadian Missionaries at Harbin

Charles M. Alexander, a Harbin resident, furnishes *The Review* details of indignities heaped upon Britishers living at Ssupingkai by Japanese soldiers there. Recently a Japanese officer spat in the face of Paul Goforth. While he was standing in the railway station, a Japanese boy kicked Dr. Jonathan Goforth so badly that it was almost impossible for him to walk home. While the boy was doing this, his father stood by and laughed. On June 14, Rev. Joseph A. Koffend, also of Ssupingkai, when aboard a train returning home from Kungchuling was struck four times by a Japanese soldier aboard the train. Dr. Goforth is seventy-five years of age, has been a missionary in China for some forty years and is probably the best known missionary in China, England, Canada and the United States. Reasons given for the mistreatment of these Canadians, one of whom is an old resident of China and another born in China, is that they were thought to be Russians. The general impression, according to Mr. Alexander is, however, that they were thus punished because they had carried on conversations with members of the Commission of Inquiry of the League of Nations, among whom they had acquaintances.

Serious Explosion on American War Vessel at Amoy

An explosion on board the U.S.S. *Tulsa* at Amoy on June 1 caused the death of a fireman, W. E. Leathers, and serious injury to others, including W. W. Allen, chief electrician's mate, R. P. Hawley, chief machinist's mate, H. H. Linder, chief pharmaceutist's mate, F. J. Lewis, chief machinist's mate, Al. Perine, ship's cook, A.B.P. Pereira, Smith, W. W. Garter a fireman, and Rush, chief water tender. The injured were first taken to Hongkong and later some of them were transferred to the Naval Hospital at Canacao, P. I. on the U. S. S. *Gold Star*. The actual damage done to the *Tulsa* is considered quite serious as it is stated that several plates have been sprung, and that she is leaking. It is considered likely that instead of waiting for the annual overhaul, which was due to take place next month, the *Tulsa* will have to proceed from Amoy to Hongkong or Cavite for docking.

Outstanding Items of Chinese Exports to the U. S. A.

Statistics compiled by the U. S. Consulate General at Shanghai show the exports to the United States from the whole of China for the first four months of 1932. The total of these exports for the four months was G.$11,355,866, but it is to be noted in this connection that the consular figures do not include certain products for which no consular invoices are required. Some of the outstanding exports are the following: Sausage casings, $179,231; dried albumen, $126,325; goat and kid skins, $1,223,609; kolinsky furs, $512.844; weasel skins, $777,170; bristles, $427,959; shelled walunts, $212,110; wood oil, $1,706,750; lace, $253,653; embroideries, $683,512; wool carpets, $324,909; human hair, $116,054; hairnets, $102,010; tin in slabs, $475,216; fireworks, $272,333. The figures are in U. S. Gold.

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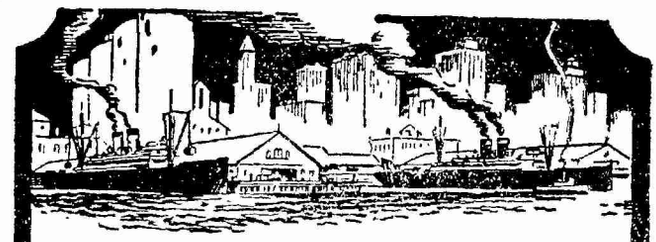

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Men and Events

Shanghai has been declared a cholera infected area by the sanitary authorities of the Japan Home Office.

Joseph Clark Grew, the newly appointed American Ambassador to Japan, was received in audience by the Emperor at Tokyo June 14.

Dr. and Mrs. Charles E. Patton of the Presbyterian Mission have returned to Shanghai from home leave which they spent in the United States.

Dr. F. L. Hawks Pott was elected president of the Royal Asiatic Society (North China Branch) at the annual meeting held in Shanghai June 9.

Work is in progress for the revival of the old metallurgical plant at Petrovsk Zavod, Irkutsk, Siberia, which for several years has remained idle.

Yin-chin Jao, previously a member of the staff of *The China Press* at Shanghai, has been appointed editor of *The Hankow Herald*, an English language newspaper owned by Chinese interests.

It was decided at a meeting of the Executive Yuan June 10 that a national athletic conference be convened in the middle of August, the necessary budget being adopted to cover the expense.

General Chang Chih-chung, Commander of the 5th Army and, concurrently, of the 87th Division now garrisoning Nanking, has submitted his resignation to the Military Affairs Commission.

Japanese press messages state that Vice-Admiral Masaji, successor to Vice-Admiral Nomura as Commander of the Third Fleet, will arrive in Shanghai early next month abourd the cruiser *Idzumo*.

The first meeting of the Preparatory Committee in connection with the Chinese section of the Centenary Exposition of the City of Chicago scheduled to be held next spring, was held in Nanking June 15.

Two Chinese were killed instantly and four other Chinese were injured more or less seriously in Chapei June 14 while they were attempting to remove some explosives left in a house during the recent Sino-Japanese conflict.

According to recent advices from Nanking Dr. Wellington Koo, Dr. W. W. Yen and Quo Tai-chi will be among those who will present China's case at the League Assembly when it commences its sittings at Geneva next September.

The *Peiping Chronicle*, the successor of the *Peiping Leader*, made its appearance last week. The *Leader* suspended publication in January on the "demand" of the Japanese authorities because of references to the Japanese Emperor.

Captain Samejima, Chief of Staff of the naval landing party in Shanghai, has been appointed member of the Mixed Commission to certify the enforcement of the provisions of the Sino-Japanese Armistice Agreement, replacing Lt.-Colonel K. Harada.

The death occurred recently at Miami, Florida, in his 85th year, of James W. Ragsdale, American Consul General at Tientsin from 1897 to 1918. During his term of service, he was a member of the Commission to settle American claims arising out of the Boxer troubles.

The Communications Department of the Manchukuo Government has decided to use two sorts of new postal stamps instead of the present Chinese stamps on and after July 1. The use of the new stamps for foreign mails awaits recognition of Manchukuo by the Powers.

The Japanese telegrams report that Chinese students are gradually returning to Japan to resume their studies in colleges there; Chinese merchants established in Japan are also stated to be resuming operations, now that the hostilities in the Shanghai area have definitely come to an end.

Dr. Lin, a representative of the *Deutsche Allgemeine Zeitung* (Berlin) who left Harbin several weeks ago for a trip through Northwest Manchuria was not heard from until June 13, when he returned to Harbin. He is a Swiss citizen and reported to his Consulate (in Shanghai) that he had been attacked and robbed by bandits.

A police raid on a large morphine manufacturing establishment in West Kashing Road, Shanghai, last month had its sequel in the Special District Court during the week when eight Chinese received prison terms of from a year to a year and-a-half each, together with fines ranging from $2,000 to $3,000. A Japanese named Fukuoka was also arrested at the time. During the police raid morphine and apparatus used to extract morphine from opium were seized, the total value of drugs seized being estimated at over $35,000.

The Republican National Convention commenced its sittings at Chicago June 14. The indications were that Herbert Hoover would be renominated.

Gustav L. Sondheimer, formerly American consul stationed in Berlin, has resigned to accept the position of financial adviser to the Soviet Commissariat of Heavy Industry.

The British steamer *Shengking*, a vessel of 1,650 tons owned by the China Navigation Company, Ltd., ran aground June 12 on Chiming Island, 18 miles east of Weihaiwei. All the passengers were taken off safely.

Zung Ying, Chinese lawyer, has been retained by Mr. and Mrs. Noulens to represent them during the forthcoming trial in the Kiangsu High Court at Soochow. Mr. Zung is now at Soochow going over the documents in the case, which is expected to come up for trial shortly.

Mrs. P. H. Bordwell, wife of the general manager of the Robert Dollar Company, departed from Shanghai for the United States on the s.s. *President Lincoln* June 10. Mr. Bordwell is awaiting the return of O. G. Steen in about a fortnight before following his wife.

Arkell & Douglas, Inc., announces its intention to liquidate and retire from the export field, and to carry on as manufacturers agents and buyers for firms abroad, trading under the name of The Deep Sea Export & Import Co., Inc. W. P. Willson is the Shanghai manager.

Recent investigations made by the Ministry of Foreign Affairs indicate that about 2,000 persons of various foreign nationalities are at present employed by the National Government and its subsidiary organs in various capacities. The Ministries of Finance and Railways have the largest number of foreign employes on their staff.

Farmers of the districts of Paoshan, Kiating, and Taichong will be exempt from payment of the provincial farm tax for the autumn and winter seasons. this decision being in conformity with the program of relief for the war-devastated areas in Kiangsu, among which the above-mentioned three districts were the principal sufferers.

The French seamen's union has made a demand on the Minister of Marine that hereafter no foreign crews, particularly Asiatics, shall be employed on French ships. This demand follows as a result of the *Georges Phillipar* disaster, it being alleged that two Asiatic engineers ran the ship's dynmao at too high a speed and thus caused the short circuit which started the fire.

Reports received in Peiping June 8 stated that on May 22 Mr. and Mrs. W. W. Simpson, of the Assemblies of God Mission, were attacked by bandits while travelling from Pingliang in Kansu to Sianfu. The bandits robbed them of several hundred dollars and other personal property. They detained both of them and threatened to hold Mr. Simpson for ransom. Eventually, however, they allowed these missionaries to proceed.

Wealthy American and Chinese business men of Los Angeles are planning a new and modern Chinatown for Los Angeles that will rival the famous old Chinatown of San Francisco. The proposed site, on North Broadway, will be occupied by Chinese shops, restaurants, bazaars, tourist centers and living accommodations for a Chinese population of at least 10,000, according to reported plans.

Reports from various parts of the country indicate that the recent appeal issued by responsible banking and commercial organizations in Shanghai for the organization of a National anti-Civil War League has received nation-wide endorsement. The Bankers Association of Peiping, the Peiping City Party headquarters, the Shantung Bankers' Association and the Nanking Chamber of Commerce are stated to have responded enthusiastically to the appeal of the Shanghai organization.

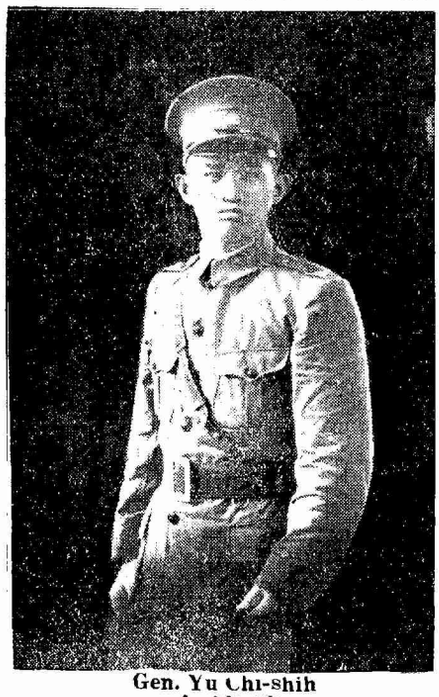
Mr. Shigemitsu, Japanese Minister to China, was due to depart from Shanghai for Tokyo Friday, June 17. After reporting to the Foreign Office, Minister Shigemitsu is scheduled to stay some time in Japan in order to recuperate from the wounds received at Hongkew Park. The business of the Japanese Legation Office inShanghai will be looked after by Mr. Moriya, the First Secretary to the Legation, until the arrival in Shanghai of Makoto Yano, the Councillor to the Japanese Legation in China.

Shantung Province Balances Its Budget

The annual budget for Shantung for the 21st fiscal year (1932 to 1933), compiled by the Provincial Department of Finance, was formally adopted at a meeting of the Provincial Government June 10. The budget gives the total income as $24,539,301, and expenditure as $24,537,967, with a small surplus of $1,334.

Who's Who in China

Gen. Yu Chi-shih, commander of 88th Division; born at Fenghwa, Chekiang, 1902; graduate of the 1st Class of the Whampoa Military Officers' College; after serving for a time in the Training Corps of that College he became a regimental commander in the Revolutionary Army, 1925; commander of 2nd battalion of the Guards Regiment attached to the Headquarters of the Commander-in-Chief of the Revolutionary Army, 1926; commander of the 4th Regiment of the 1st Division of the Revolutionary Army, 1927; when the 1st Divison was reorganised as the 9th Division, he was promoted vice commander of the 25th Brigade of that Division, 1928; appointed a regimental commander in the National Guards of the National Government, 1929; promoted a brigade commander of the National Guards and concurrently Commander of the Gendarmes of the Central Government, 1930; promoted Garrison Commander of Nanking and concurrently commander of the 1st Brigade, Sept. 1930; appointed commander of the 2nd Division of the Training Corps, 1931; upon reorganization of the 2nd division as the 88th Division of the 5th Army in Jan. 1932, he was transferred as commander of the Division which participated in the Shanghai defence during the recent Sino-Japanese armed conflict in Shanghai and fought the well-known battle at Miaohangchen: since the conclusion of the war in Shanghai, the 88th Division has been transferred to Hankow for garrison and bandit-suppression duties.



Gen. Yu Chi-shih
俞濟時

俞濟時，浙江奉化縣人，年二十九歲，黃埔陸軍軍官學校第一期畢業，畢業後，奉派該校教導第一團見習，十三年十二月調教導第二團排長，十四年五月調教導第三團偵探隊隊長，當年九月調升黨軍第三師第六團少校，團附，十五年四月奉調爲國民革命軍總司令部，警衞團第二營營長，十六年六月調升國民革命軍補充第四團團長，當年十一月該團奉令改編爲國民革命軍第一師第四團，仍充團長，十七年八月，北伐告成，該師奉令改編爲陸軍第九師，調充該師步兵第二十五旅副旅長，十八年奉調爲國民政府警衞團少將團長，十九年二月奉令改爲警衞旅，仍充旅長，兼代中央憲兵司令，是年九月升充警衞司令，兼第一旅長，二十年一月警衞司令部與教導第一師合編爲警衞師，調充該師副師長，六月該師擴編爲軍，調充第二師師長，二十一年一月奉令改爲陸軍第八十八師，仍充師長，參加上海抗日之戰。

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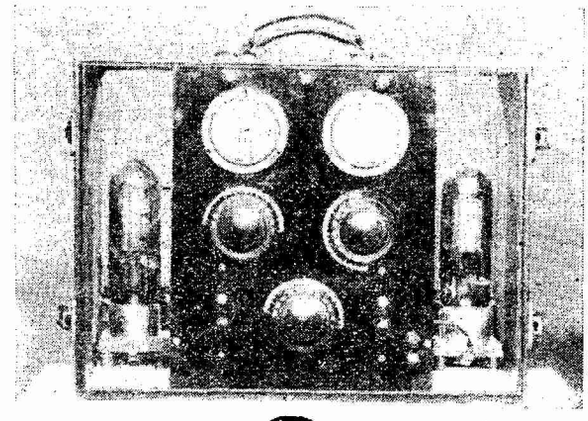
RADIO APPARATUS



建華電機公司

APPLY TO

CHIEN WHA ELECTRIC SUPPLY CO.,

393 AVENUE FOCH
SHANGHAI, CHINA.

TELEPHONE: 83324

In the United States Court for China

In re.	Domestic Corporation No. 152
Annual Statement of the Great Western Riding Academy	ANNUAL STATEMENT. Field at Shanghai, China this 9th day of June, 1932. JAMES M. HOWES Clerk.

ANNUAL STATEMENT OF THE GREAT WESTERN RIDING ACADEMY AS OF DECEMBER 31, 1931.

The corporation is organized and existing under an Act of Congress of March 2, 1908.

The officers of the Company on above date were:

W. R. Rice, *President*
C. D. Culbertson, *Vice-President*
N. F. Allman, *Secretary Treasurer*
V. Kniazeff, *Manager*

The actual cash value of its property is

Permanent buildings	M.$55,612.94
Ponies owned	5,333.12
Saddlery	700.00
Furniture and equipment	1,059.50

Its location is in the International Settlement, Shanghai, China.

The actual paid up capital is M.$40,000.00.

The number of shares of capital stock is 4000.

The debts and liabilities are M.$5,000.00 the same representing current accounts payable and are therefore unsecured.

No salaries are paid to officers except to the Manager in the sum of M.$8,600.00 per annum.

UNITED STATES OF AMERICA
EXTRATERRITORIAL JURISDICTION IN CHINA } SS
CONSULAR DISTRICT OF SHANGHAI.

The affiants, Don Burdick and N. F. Allman, being first duly sworn, depose and say: That they are the President and Secretary & Treasurer respectively of the Great Western Riding Academy; that as such they have signed the foregoing statement; that the facts states therein are true to the best of their knowledge, information and belief.

DON BURDICK,
President
N. F. ALLMAN,
Secretary and Treasurer.

Subscribed and sworn to before me this 9th day of June, 1932.
JAMES M. HOWES

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New Books of Interest in the Far East

A Chapter of American Imperialism

Haiti Under American Control, 1915-1930; by Arthur C. Millspaugh, Financial Adviser-General Receiver of Haiti 1927-1929; World Peace Foundation, Boston, Mass.

Although this publication is recommended by the World Peace Foundation as "impartial and authoritative" there are grounds to suspect the impartiality of any participant in an episode, and Mr. Millspaugh was for two years in an important position in the American control of Haiti. Authoritative the book appears to be, and even if Mr. Millspaugh is not as impartial as his publishers would have us believe he assuredly could not be accused of any blind partisanship in his record.

The story of American control of Haiti is nothing more nor less than the typical tale of imperialism in any land. Haiti is a small island of the West Indies with a population of approximately 2,000,000, mostly Negroes or near-Negroes. It is rather densely populated, 200 to the square mile, and poor. The Negroes were mostly former slaves who once were sufficiently energetic to throw off their white masters, massacring most of them, and proclaim their independence. But today the population is largely in the mire of ignorance and poverty, 80% of them suffering from yaws and syphilis. However, had they not been naturally afflicted as much as they are they would have been too few in number to hold out long against alien interference in their little republic, for while Haiti is not a garden-spot in natural resources it is in too strategic a position to be ignored and some important products grow profusely, notably coffee and cotton.

So, by 1915 several nations were seeking to economically dominate Haiti. France had floated several loans and had the cable monopoly, the British had a railroad and an oil concession, American interests were diverse and extensive, and the Germans were outstanding in commerce and shipping. And with these imperialistic manifestations were the usual accompanying factors, many debts of dubious justification, unscrupulous politicians, general political corruption, and frequent disorder among the oppressed peasantry. As every student knows, such phenomena are always pronounced in a country afflicted with imperialism.

Although Mr. Millspaugh does not definitely say so, the chief reason for American intervention appears to have been to preserve American hegemony in the West Indies. That is to say, had not America intervened it is probable some other country would. At any rate American control of the island started in 1915 and then followed fifteen years of government principally by the marines although Washington named some civilian supervisors. Some good was doubtless accomplished during this time in education, health work, improvement of agriculture, and road building. Possibly the marines may even have been slightly more efficient and honest rulers than the native politicians who had previously sold out to one foreign group after another. But Mr. Millspaugh does not conceal the fact that the Haitians were by no means enthusiastic over leatherneck salvation or the native puppets foisted on them by the invaders. And when American control was to some extent liquidated in 1930 the first act of the electorate was to choose as president a man who had opposed the American occupation.

Mr. Millspaugh concludes that America "returned an improved Haiti to the Haitians." Improved it was in some ways, as has been briefly sketched in the preceeding paragraph, but Mr. Millspaugh himself admits that the *per capita* increase in the income of the Haitians at the end of the American occupation was but five gold cents a year more than it had been previously. And there was no substantial reduction in taxes. So it is hard to justify the occupation from any altruistic viewpoint. Further, the five cents increase in *per capita* income was chiefly due to artificial stimulation of coffee prices by Brazil! And, still further, there is no indication that even this extra five cents *per capita* was distributed on a *per capita* basis; instead most of it went into the pockets of a small group of business men. Certainly, as Mr. Millspaugh admits, there was scarcely "any appreciable increase of *per capita* consumption" of goods.

But if the Haitians did not profit from the occupation, neither did the United States save for a few citizens who obtained concessions or drew their salaries from the island, the marines getting their regular salary from the American government and an additional one from the Haitian government. And when the occupation formally ended coffee and cotton were being produced in such large quantities in so many places that the producers were on the verge of starvation because of the low prices while millions lacked both coffee and clothes. Perhaps this sad state of affairs rather than any change in Washington's imperialistic policy was responsible for the termination of the occupation. Mr. Millspaugh does not say.

As a matter of fact the United States has not relinquished its control of Haiti as completely as Mr. Millspaugh indicates. The government of the island has been nominally restored to the Haitians, but Washington still keeps a watchful eye on it, and, according to the last reports available to this reviewer, the marines had not been entirely withdrawn.

Mr. Millspaugh's record can only lead to the conclusion than in Haiti imperialism did not pay either the Haitians or the Americans, but it did enable some American investors to collect debts they might otherwise have lost and it kept the American hegemony of the West Indies intact. And it does not appear to have hurt the Haitians much if at all. Wherefore, it may said that the chapter is not as black as many another in modern history with the same theme. W.B.

Birmingham University Issues Memorandum on Five-Year Plan

The Russian department of the University of Birmingham (England) has issued a memorandum on the Five Year Plan, agriculture collectivization and oil consumption and export. The view is expressed that the Five Year Plan is of a dual nature: it has both real and illusory features. In so far as the Plan serves to develop the extracting and manufacturing industries of the country, it is of a very real nature and its realisation even by 50% would represent a vital economic achievement. But in so far as the Soviet Five Year Plan policy aims at an entire and immediate elimination of private enterprise and supplants it in all spheres of economic life by state monopolies or public enterprises regulated and operated by the State from one planning centre, the Five Year Plan is a harmful illusion. The actual results of the year 1931 it is stated differ so largely from the planned estimates that they lead us to regard the economic order now existing in Russia not as a system of planned economy, but as a state monopoly unavoidably bound to tolerate within itself the existence of uncontrollable elemental forces.

Recent Pamphlets Received

The *Annals* of the American Acadeny of Political and Social Science (Philadelphia) for May is devoted to Modern Insurance Developments. Upwards of two score contributors discuss various phases of this subject.

The April issue of the *Chinese Social and Political Science Review* (Peiping) contains articles on Confucius, and, Russia and the Chinese Revolution, contributed respectively by Fung Yu-lun and Krasny Archiv. Other contributors are Shushi Hsü, W. Leon Godshall and Thomas Kearny.

Fourteen Y. M. C. A. Conferences to Be Held

Fourteen Y. M. C. A. conferences have been arranged to take place at various points in China between June 25 and August 28. Of the fourteen conferences ten will be for college and senior middle school students, whereas the remaining four will be for junior middle school students. The conferences for the college and senior middle school students are attended by members of both sexes.

Misappropriation Charged Against Hankow Oil Firm Manager

Robert Blum, and Beatrice Subesko, his sweetheart, the former being the manager of the China Oil Refineries Association Ltd. at Hankow, were charged at the First District Court, Shanghai, June 13, with misappropriating $20,000 of the company's money. The allegation is that Blum drew the money from the company's account in a Hankow bank and deposited it in the name of the woman in other banks, the pair then leaving for Nanking.

Important Conference on Manchuria at Kuling

Wang Ching-wei, President of the Executive Yuan, accompanied by Dr. Lo Wen-kan, Minister of Foreign Affairs, Dr. Wellington Koo, Chinese Assessor to the League Manchurian Commission, General Li Chi-sen, Vice Commander-in-Chief of the Anti-bandit Forces in the three Provinces of Honan, Hupeh and Anhwei, General Huang Shao-yung, Minister of Interior Affairs, and Li Shih-tseng, member of the Central Supervisory Committee, left Nanking June 14 and proceeded to Kuling where they met General Chiang Kai-shek for an important conference which discussed various diplomatic, financial, and military problems now confronting the government authorities, especially the problem of the Three Eastern Provinces. Prosident Wang and his colleagues travelled in General Chiang Kai-shek's private monoplane. According to information from authentic sources, President Wang's trip to Kuling followed an informal meeting of the Central authorities the previous night at a dinner party given by Dr. Lo Wen-kan. It was intimated that a general policy with regard to the Manchurian problem has been in principle decided upon by the Government authorities since the arrival at the capital of Dr. Wellington Koo, the Chinese Assessor to the League Commission and who recently accompanied Lord Lytton in his tour to Manchuria. It is said that President Wang has held a number of informal conversations with Dr. Koo and after careful consideration with his colleagues a tangible policy with regard to the Manchurian problem was finally decided upon in broad outlines, which, however, still needs the concurrence of General Chiang Kai-shek.

The *Central News* agency understands that Dr. Wellington Koo is in receipt of an urgent telegram from Lord Lytton at Peiping requesting his return to the North. Dr. Koo has arranged that after his return from Kuling, he will fly to Shanghai for a day's stay and then fly back to Peiping by General Chang Hsueh-liang's Ford tri-motor airplane.

Following a brief conference with Wang Ching-wei June 13 Lin Sen, President of the National Government, who arrived at Nanking from Loyang June 12 came on to Shanghai. The purpose of President Lin's trip here was stated to be to prevail upon Ministers T. V. Soong and Chen Ming-shu to withdraw their resignations; also to confer with Sun on various important party and political questions. President Lin also urged Mr. Sun and other C. E. C. members in Shanghai to take an active part in the Government. He returned to Nanking June 15.

American Aviation Expert to Establish Flying School in China

The National Government of China has secured the services of John Jouett, at present engaged in the development of commercial aviation in the United States. Mr. Jouett will arrive in China in the near future with several assistants. He and his staff will assist in the establishment of an up-to-date flying school. Dr. Cooper, an expert in aviation medicine, has also been engaged to examine the aviators now flying in China and to train a number of Chinese doctors in this new branch of medical science.

Chinese Naval Minister Misses Funds Transferred to Air Force

A gloomy outlook for the Chinese Navy was painted by Admiral Chen Shao-kuan, Minister of the Navy, in an interview at Nanking June 10. Admiral Chen expressed particular dissatisfaction over the recent action of the Legislative Yuan in transferring $11 million in the national budget from the item earmarked for the development of the navy to the air force, leaving behind the "paltry" sum of $310,537 for the navy.

Gen. Yen Hsi-shan Files Application for New Bank

General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, through his representative in Nanking, filed an application with the Ministry of Finance recently in connection with the registration of the new North-western Industrial Bank. The Bank is part of an ambitious scheme of the Shansi leader to develop the Northwest. General Yen also plans to establish a Northwestern Industrial Corporation with a capital of $10,000,000.

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61-117

GREATER SHANGHAI MUNICIPALITY PLANS REHABILITATION OF WAR-TORN AREAS

(*Continued from page 50*)

workshops and the other permanent railway equipments can be established there, while the districts west of Tazang and the neighborhood of the Wentsopang creek adjoining the Railway can be developed into an Industrial Center. As regards the expenses for the construction of the Branch Line (D) and the removal of the North Station, the plan advocates the sale of the present premises of the Station which is estimated at several million dollars and the City Government of the Greater Shanghai Municipality is willing to make a loan of $500,000 to the Railway to assist the Railway Authorities in carrying out these two measures. After the completion of Jukong wharf, the Railway can refund the loan in stated of installments. (Note: According to a *Kuo Min* message from Nanking on June 14, a new site for the North Station at Shanghai has been selected near Chenju at the junction of the Shanghai-Hangchow and Shanghai-Hangchow-Ningpo Railways. Pending construction of the new Station, which will begin as soon as the approval of the Ministry of Railways is secured, the present North Station will be repaired for temporary use.)

4. Assist in the Construction of the Jukong Wharves

In order to develop Shanghai into a first class harbor and enable big tonnage steamers to enter the Whangpoo River, it is necessary to build modern wharves at deepwater points. The best places for wharf construction and harbor development along the Whangpoo are the River front from the Forts to Woosungchen. The next best place is the River front at the Jukong mouth. As the development of the Woosung Harbor can not possibly be completed in a short period of time, the plan recommends the immediate building of new wharves at the Jukong mouth for meeting present urgent demands. The site of the projected Jukong Wharves is located east of the Military Road, north of the Jukong Mouth and south of the Shangho Road. The shore front measures 1,400 meters in length with a total surface of about 800 mow. It is about 13 kilometers away from the Woosung Mouth. The river is rather wide at that point and has an average depth of 8.5 meters equivalent to about 28 English feet. A small amount of work at dredging can easily bring the depth to 9.3 meters, i.e. 30 English feet. At present, the place is mostly of farm land and sandy beach and afford conveniences for execution of the scheme without any impediments. While the junction of the wharves with the railway can be easily effected, the surplus land affords room for steady expansion. The Civic Center is located just a little west of the projected wharves and the development of both can be carried on simultaneously with benefits to each other. According to the contemplated scheme, the new wharves at Jukong mouth will be constructed in three stated periods owing to the lack of adequate funds to build them all at once.

During the first period, one wooden wharf is to be built on the beach covering a space of 344 mow just north of the Jukong Mouth and south of Wuchuan Road in the Civic Center to cope with the present urgent demands. The length of the wharf will be 740 meters (about 2,400 English feet) which can afford sufficient space for three 20,000 tonnage steamers and one 10,000 tonnage steamer to anchor at the same time, or for six 5,000 tonnage steamers to anchor simultaneously. At the beginning of the Wuchuan Road, it is also planned to construct a pontoon wharf of 100 meters long for use of ferry service launches on the Whangpoo. Along the projected wharf, two large warehouses with a capacity of 60,000 cubic meters are first to be built for use of loading and unloading of the goods. Behind the warehouses, three depots will be built capable of accommodating 170,000 cubic meters of goods. Right behind these, spaces will be reserved for laying of railway tracks or building of new roads in order to further faciliate transportation. On the two sides of Wu-Road, two open-air unloading fields will be built and chuan another will be opened up at Jukong Mouth. It is estimated that constructions for the period of wharf development will require a total sum of $5,180,000.

The second and third periods involve steady expansion of the wharf development scheme and the construction of steel-reinforced concrete or limestone wharves and more warehouses and depots, requiring as expenses $4,650,000 and $4,340,000 respectively.

The total estimated cost of the projected wharf construction including the expenses for buying up lands and for construction work requires a sum of $14,700,000. The work will take fourteen years to complete. The first period development requires a sum of $6,000,0000 as initial expenses, which, the plan proposes, is to be raised either by private investment or floating a new Municipal Loan. The plan also recommends that if an advance of $2,000,000 can be made as a public investment from the fund for the rehabilitation of the devastated areas, it will considerably encourage private commercial enterprise, thereby hastening the realization of the scheme.

In conclusion, the plan points out that the Rehabilitation of the Shanghai war areas requires a grand total of $8,000,000, of which $3,000,000 are renovation or construction of public structures in the war areas, $2,500,000 for construction of new trunk road lines, $500,000 for assisting the Railway Administration the expansion of the railway lines and $2,500,000 for assisting in the development of the Jukong Wharves.

Hangchow Motor Highway to be Opened September 1.

Formal opening to traffic of the Shanghai-Hangchow motor highway is scheduled for September 1. The Kiangsu section of the road has been constructed as far south as Minghong (near Shanghai) whence work is now proceeding toward the Chekiang border. The route will be from Minghong through Nanchiao, Chinshantsui, Chinshanwei, to Chinshanhsien on the Kiangsu-Chekiang border. Construction on the Chekiang section from Chapoo to Chinshanhsien, a distance of over a hundred kilometers, is understood to be proceeding satisfactorily.

Is China to Have a "White House?"

A recent message from Nanking stated that China will in due course have a "White House" of her own in Nanking. Funds are to be raised to build a presidential palace on the top of a "little red hill" for the residence of the Chairman of the National Government. The construction fund has been tentatively estimated at $1,000,000, which is to be raised by the Ministry of Finance by depositing $30,000 monthly for the purpose. The project of building a "White House" has been criticized by Wang Ching-wei, who has also expressed the opinion that the capital should remain at Loyang until the Manchurian question is settled.

Chinese Group Forms Institute To Study International Relations

With a view to studying the international relations of China, a group of prominent local Chinese citizens has recently organized an association called the China Institute of International Relations. The new Institute is under the supervision of a board of 15 directors of whom K. P. Chen, manager of the Shanghai Commercial and Savings Bank, is the Chairman, and Messrs. Nieh Loo-sun, Hsu Hsin Loh, L. T. Chen and Drs. Hermon T. Lieu and P. W. Kuo are members of the standing committee: while Dr. Kuo serves concurrently as the chairman of the executive committee. Other members of the committee are Dr. M. T. Z. Tyau and Messrs. S. N. Wang and Edward Y. K. Kwong.

Railway Enterprise in Shansi Province

A message from Taiyuan, states that survey operations are now being made for the projected railway traversing the southern part of Shansi from the Honan border to Hungtung. The construction work is to commence with the section from Tsinghwa to Tsincheng, southern Shansi, thus formimg a continuation of the Taokow-Tsinghwa Railway. The other section from Tsincheng to Hungtung, in the south-western part of the province, will be undertaken upon completion of the first portion. According to decision of the Shansi Provincial Government, a sum of one million dollars will be appropriated for the first stage of the work.

Death of Veteran Department Store Promoter

The death occurred during the week in Shanghai at the age of 57 of Lau Sek Kee, one of Shanghai's pioneer department store promoters. He was one of that enterprising group, the Australian Chinese, who returned to this country and made a success in "big business." He worked his way up in the Sincere Co., first joining their branch at Hongkong. After having reached the post of manager in that concern, he sought wider fields and established the Sun Sun Co., which maintains a large establishment on Nanking Road, Shanghai, adjoining Sincere's. The late Mr. Lau was a staunch Christian, well known for his philanthropy.

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T. V. SOONG OPPOSES RAISING FUNDS FOR MILITARY DRIVE AGAINST COMMUNISTS

(*Continued from page 84*)

during the last four months broken this vicious circle; and however great the needs of the Government I would be the last person to retrace this suicidal course.

"My resignation is thus inevitable. On the one hand, there are needs, doubtless legitimate needs, for additional military and civil expenses. On the other hand, the Ministry of Finance is not in a position to meet these expenses. So we have in real life that philosophic problem propounded in physics, of an irresistible force meeting an immovable body.

"But shall the Government embark on a course of fresh borrowing and repeat the tragedy of the past? Do we live by bread alone? Is it not possible to continue a process of rigid economy and seek reforms from within? Are banditry and communism purely military phenomena, and could we hope for quick success by an old-fashioned and costly military drive? Have not banditry and communism thriven on political, military and economic maladjustments, and will they not respond better to a systematic if unspectacular combination of policitico-military-economic treatment?

"After all, China is not the only country that is suffering from economic depression. Is not retrenchment the cry of the entire civilized world? Can we not by exercising the same self-denial, through which from a small city state in Canton the Government expanded to embrace the whole country; by the same fortitude through which the might of Japan was forced to retire from Shanghai without accomplishing its purpose; can we not by dint of patience, hard work and continual personal sacrifices bring ourselves to weather this crisis so that we may emerge from the world depression with a balanced budget and a peaceful countryside? The answers to these questions obviously rest not with any Minister of Finance.

"It is with satisfaction that I leave my office knowing that my departure will not cause a crisis. In the past when military needs beyond my capacity to fulfill, and my realisation of the futility of it all, led me to submit my resignation, considerations of my responsibility to the holders of Government securities have always tied me to the post. Happily the recent reorganization of Government bonds has placed them on a sound footing, so that my successors could easily handle them. There is in existence a financial system which, however imperfect, has enabled the Government to carry on without resorting to borrowing even during the crisis of the past few months. I also have the durable satisfaction that likin and all similar levies which have been the most corrupting in finance have been abolished, mainly due to the inspiring leadership of General Chiang Kai-shek and Mr. Hu Han-min. Lastly, I leave behind me the Central Bank, stronger and sounder than ever, a tower of strength to national finance."

Tachienlu Now Has an Electric Light Plant

Tachienlu, the Chinese-Thibetan city in the Far West of China, last month tried out its new electric light plant and found it satisfactory. The usual price of kerosene in that city is $56 per case of ten gallons. The transport of the electric machinery to Tachienlu was a stupendous task It took 16 coolies nearly two months to carry one piece of machinery the 200 miles between Tachienlu and Yachow. Eight men struggled along the narrow precipitous roads with another part, occupying almost the same amount of time. The road at parts is simply a narrow path along the side of the cliff with a rushing torrent far below.

General Amnesty Laws Passed by Legislative Yuan

The Legislative Yuan adopted general amnesty laws at its sitting at Nanking June 11 and these have been submitted to the national government for official promulgation. The most important features of these laws include the pardon of all prisoners who received sentence before March 5, 1932, of under three years' imprisonment; those who received life terms will have their sentences reduced one-third. Those punished for abusing their official duties will not be pardoned, on the ground that such sins are "worse than ordinary offences."

Anti-Communist and Anti-Bandit Operations

The pronouncement of T. V. Soong, who recently resigned as Minister of Finance, that it was inexpedient to raise money for large scale Communist-bandit suppression either by borrowing or by heavier taxation, and that the real road to progress lay in improving economic conditions, is probably responsible for the somewhat leisurely journey which General Chang Kai-shek is making from the Capital to Hankow, where it has been announced he is personally to take charge of the campaign against the Communists and bandits in that region. General Chiang has stopped at numerous places enroute on his way up the Yangtsze, taking the opportunity to make inspections of the troops at the various points. For the moment he is at Kuling. In the meantime a large part of the 19th Route Army has gone to Fukien for the ostensible purpose of suppressing the Communists, and although the troops commanded by the Communist leaders have withdrawn from points near to Amoy, they have issued a rather Quixotical proclamation to the effect that they "welcome" the 19th Route Army, whose brave defense of the country against the Japanese would always live in the hearts of the Chinese people.

It was announced at Nanking, June 10, that three additional divisions will be despatched to Kiangsi and Anhwei to participate in the large-scale bandit-suppression campaign to be launched in the immediate future. The 6th Division under General Chao Kuan-tao will proceed from Chuchow, western Chekiang, to eastern Kiangsi; while the 10th Division under General Li Mo-an and the 3rd Division under General Chiang Fu-sheng will leave for Pengpu, northern Anhwei.

It was announced at Taiyuan June 13 that General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, is completing preparations for an intensive drive on banditry in Shansi and Suiyuan.

In order to centralize command and to expedite the extermination of "Red" banditry in Fukien, the Military Affairs Commission, has placed all military units in that province under the command of General Chiang Kwang-nai, Director of the Foochow Pacification Headquarters and concurrently Commander of the 19th Route Army.

The banditized Communist troops, who have been ravaging in various places in Honan and the eastern section of Hupeh, are gradually coming down south, according to latest reports. General Ho Ying-chin, Hsu Yuang-chuan and others have left Hankow for Loshan upon instructions from General Chiang Kai-shek in order to take part in the conference for the suppression of bandits.

General Ho Cheng-chun, Director of the Hankow Pacification Headquarters, General Hsia Tou-yin, Chairman of the Hupeh Provincial Government, and General Hsu Yuan-chuan, Pacification Commissioner for Hupeh, proceeded to Kuling during the week to confer with General Chiang Kai-shek.

In accordance with the instructions of the Military Affairs Commission, the 36th Independent Brigade under Major-General Tai Yo has been despatched to the Chekiang-Kiangsi border to join the bandit-suppression campaign.

A telegram from Nanchang, June 12 stated that the "Red" bandits under Fang Chih-min along the Kiangsi-Chekiang border have been suffering heavy reverses in consequence of joint attacks by four divisions of the Kiangsi and Chekiang provincial forces. The "Red" bandits in Nantsing and Lungyen, south-western Fukien, have completely withdrawn to Tingchow on the Fukien-Kiangsi border. One regiment under Colonel Chen Feng-shiu attached to the 7th Kwangtung Division under General Huang Yen-chen June 11 defeated an outlaw band at Yungting, on the Fukien-Kwangtung border.

Eugene Chen and Wife Sail for Europe

Eugene Chen, former Foreign Minister, accompanied by Mrs. Chen sailed on June 14 for Europe where they plan to visit various countries, including France and following which they will proceed to the United States. In an interview with Chinese newspapermen, prior to his departure, Mr. Chen stated that his trip had no political significance and was being taken for purely personal reasons. He denied local reports of his pending appointment as ambassador to Russia in the event China resumes relations with that country.

Kan River Rises Suddenly, Floods Nanchang Region

The sudden rise is reported from Nanchang of Kiangsi's main waterway, the Kan River, which flows in a north-south direction bisecting the province. At some points, the height of the River has increased to fifty or sixty feet, inundating rice fields in comparatively low-lying areas. Dykes along the banks of the River are also reported to be in a precarious condition, with the water on a level with the embankments at many points.

The Hopei Provincial authorities, in anticipation of the seasonal rise in the waters of the various waterways with the approach of summer, have issued a circular order to all district magistrates of Hopei province, enjoining them to take special precautions against floods. Should there be any breaches of the dykes, the magistrate in whose jurisdiction a break occurs will be dismissed from his post for negligence.

Five thousand soldiers of the 25th Route Army under General Liang Kuan-ying formerly garrisoning the Haichow area, northern Kiangsu, have been drafted into the labor corps engaged in conservancy work on the Huai River. These 5,000 soldiers-laborers were despatched during the week to Taotzukow, where work is now proceeding and where the new channel of the Huai River will meet the sea.

So as to insure an equitable distribution of the food supply in various parts of the country following last year's devastating floods, the Ministry of Interior is instituting an investigation into the amount of food products available at present as well as the number of relief organs now functioning in the stricken districts. The co-operation of Provincial and Municipal governments will be secured in making these investigations.

T. V. Soong Heads War Rehabilitation Committee

Organization of the Preparatory Committee for the Rehabilitation of the War Areas in Shanghai and Woosung was officially sanctioned by the National Government in a Mandate issued June 10.

T. V. Soong, Minister of Finance, has been appointed concurrently Chairman of the Committee with the following as members: General Huang Shao-hsiung, General Ku Chu-tung (Chairman of the Kiangsu Provincial Government), Mayor Wu Te-cheng, Wang Hsiao-lai, Yu Ya-ching, Chang Shou-yung, Li Ming, Chin Jun-ching, Dr. J. Heng Liu, Minister Chen Kung-po, Minister Chu Chia-hua, Tung Hsiu-chia, Shih Liang-tsai, Hu Pi-kiang, Chang Kia-ngau, Lu Hsueh-pu, Pu Yun-chuang, and Peng Hsueh-pei.

The only change of note has been the inclusion of Gen. Huang Shao-hsiung (Minister of Interior) in place of General Chen Ming-chu (Minister of Communications).

Regulations governing relief measures of the Shanghai War Zone Rehabilitation Committee were decided upon at a recent meeting of the organization. Loans to farmers will be limited to from $10 to $30. Loans to indigent civilians will be limited to $20, no interest to be charged. The money is to be repaid in three instalments within six months. A sum of $2 to is alloted each adult and $1 for each child of very poor families. Regarding the construction of houses, loans ranging from $50 to $200 will be made to families with interest at 8 per cent, the security to be land. The time limit for such loans will be two years.

Graduating Exercises at the Shanghai American School

The graduating exercises of the Shanghai American School were held June 14, when 37 seniors received their diplomas from Dr. McMullen, chairman of the board of managers. The main address was made by Dr. Geo. Sellett, U. S. District Attorney, who discussed some of the problems which the seniors would meet in entering life either in the colleges to which they were going or in the business world. The formal presentation of the class was made by Dr. E. J. Anderson, the principal. Three prizes were awarded. The first of these was given by the American Association of University Women to the girl with the highest scholastic standing and the best character. This was presented to Miss Jean Hawk by their representative, Mrs. P. S. Joselyn. The next two awards were made by Mr. E. F. Harris. These, the British Seal Awards, were given to Philip Fisher and Miss Ione Smith for being the most useful and dependable students in the Senior Class.

A Japanese Consular Official Tries to Explain the C. H. Ahn Case

K. S. Inui, a member of the Japanese Consular staff, contributed "in his personal capacity," an explanation of the case of the Korean C. H. Ahn, in the *N. C. D. News* June 14 which a correspondent on the following day pointed out was so full of errors regarding questions of international and national law and usage that "it would be a high degree of charity to excuse him on the ground that 'men are never so good or so bad as their opinions.'"

Mr. Inui's article was evidently intended as a counterblast to statements concerning the case which have appeared in the columns of *The Review*. The gist of Mr. Inui's argument was that Mr. Ahn was a Korean according to the law of his nation prior to the annexation by Japan; his national law did not allow him to become naturalized in any foreign country; in annexing Korea in 1910, Japan strictly adhered to the original law of the country, namely, Koreans were not allowed to become naturalized in a foreign country nor were foreigners permitted to become Koreans; it was not possible for Mr. Ahn to expatriate himself under the old Korean regime nor the new Japanese rule; Mr. Ahn was found to be implicated, beyond reasonable doubt, with a certain serious criminal offence in addition to those stipulated in the Peace Preservation Law and therefore under the circumstances, there was nothing to prevent the Japanese authorities here from detaining, arresting or sending him to Korea.

It is pertinent in view of Mr. Inui's statement to recall that when Mr. Ahn was arrested the French detectives took away his Chinese passport and this has never been returned to him. Details of the irregularity of his arrest are given in statements by Mrs. C. S. Kim and Mrs. Lee Yu Pil.

The Japanese statement stresses the independence of the Japanese judiciary. As Mr. Ahn was a naturalized Chinese citizen, resident in the French Concession, he should have been brought before the Chinese courts. The laws of China have very adequate provisions for punishing persons guilty of offenses against officials either of their own country or of a friendly state, and for the Japanese to take Mr. Ahn out of China for trial is just as much an attack on China's integrity as was the invasion of Shanghai or of Manchuria.

The Kind of Business the Japanese Carry On in Harbin

While the League Commission was in Manchuria it received a long petition from the Chinese population in Harbin protesting against the brutality of the Japanese in making air raids on various towns in the neighborhood, killing and injuring civilian people. A strong moral indictment is also brought against the Japanese in Harbin. It charged "that the Japanese residents of Harbin have from the beginning of their arrival been mostly dealers in opium, morphine, and operations of brothels, or they are other classes who could not subsist in ligitimate business in Japan or Korea. Among those are dealers in arms. The others carry on such business as cheap restaurants, barber shops and the like. Few of them engage in the higher class business enterprises as conducted by foreigners of other nations. Their secret organization, which has cooperated with their military, has under the direction of one Col. Dehara, repeatedly spread rumors of impending trouble (which are not true) in order to demand the coming of troops from Japan, presumably for the protection of the Japanese civilians, who, however, needed no protection; but, as is evident to all who know the facts, purely for political purposes, in order to get control by the military of this part of Manchuria."

Friction Develops with Northern Police in Shanghai Area

The experiment of bringing the northern Police from Tientsin and Peiping is evidently not proving as big a success as was contemplated. Already friction has developed between these new police, which are undoubtedly a very well trained and capable lot, and the local contingents, both as regards officers and personnel. Several hundred of them the other day threatened to quit on the spot. A Japanese press message says that the whole contingent will in the near future be sent back north. According to the Japanese telegram the northern men don't like the Shanghai "climate."

Hurrah! The Boss has Started Taking

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Lytton Commission to Proceed to Japan June 22

According to latest advices the Lytton Commission is due to start for Japan January 22. Lord Lytton, on his return from Tsingtao, gave out a statement at Peiping June 14 to the effect that the previous plans to draw up the report at either Peitaiho, Weihaiwei or Tsingtao, had been abandoned, and instead, part of the report would be compiled in Japan and part in Peiping. The Japanese, said Lord Lytton, had objected strongly to the report being drawn up at Peitaiho, and at any rate it was more convenient to draw up, at least part of the report at Peiping, as the documents were on file there. The present plans are that Dr. Wellington Koo will accompany the Commission to Japan, coming up to Peiping after the close of the conference with General Chiang Kai-shek and other Chinese leaders at Kuling.

According to a London *Daily Telegraph* dispatch from Changchun June 7, retransmitted by a Japanese correspondent and printed in the *Osaka Mainichi* two days later, the Lytton Commission in its final report to the League will recommend a policy of non-interference and "watchful waiting." The salient points are forecast as follows: The League to recognize the *status quo* in Manchuria under the new Manchukuo government; the League to refrain from any intervention in Manchuria for five years, but watch developments; recommendations regarding the withdrawal of the Japanese troops; and cessation of military and hostile operations and interference with the administration in Manchuria by the Chinese government.

Pensions for Chinese War Veterans

Regulations governing the issue of compassionate grants or pensions to victims of war among members of the National Air force have been drafted by the Ministry of War. They provide that families of aviators killed in action be given compassionate grants ranging from $6,000 to $10,000 each while the wounded will receive from $3,000 to $8,000. Yearly pensions will be on the same scale as for the army and navy.

Mongolian Delegation Tours Soviet Russia

A delegation from Mongolia, consisting of thirteen representatives, among them being members of the Mongolian Government and the Mongolian Revolutionary Party, is at present travelling through Soviet Russia. The delegation is making a study of the work of industrial and cultural construction now going on in the U.S.S.R and of the conditions of the workers in that country

Shanghai in Figures

Shanghai is the fifth largest city in the world, with a population of over 3,000,000. 57 per cent of China's imports and 31 per cent of her exports pass through this city.

The area of Greater Shanghai is over 700 square miles. The mean annual temperature is 59.05 F. degrees; average rainfall, 45 inches; and mean annual humidity, 80.6 percentage, (relative). The city has over 18 miles of water frontage and an average of 2,000 feet wide.

The assessed valuation of Shanghai real estate is $600,000,000 (1931). The most valuable piece of land per mow during 1931 was $509,000. Building construction for 1931 was $62,351,259.

There are over 75 modern banks and trust companies in Shanghai. The total capital is approximately $160,000,000. In addition, there are numerous branch offices of various foreign banks having tremendous resources available for local investments.

There are 250,000 wage earners in Shanghai, employed in 2,000 establishments which include 60 cotton mills and 93 silk filatures. They earn $150,000,000 annually and produce goods valued at $6,000,000,000 in normal times.

Shanghai has over 360 miles of streets of which 200 miles are paved. Capacity of the waterworks is 200,000,000 gallons a day, with 500 miles of mains in the city proper and assessed valuation of $50,000,000. The city uses 100,000,000 gallons of water daily; 166 miles of gas mains, with 12,000 consumers, consuming 700 million cubic feet of gas annually. Consumption of electricity in 1931 was 600,000,000 kilowatt hours of which 500,000,000 was sold for traction and power use (exclusive of public utilities.)

Street car and bus transportation systems in their 50 miles of street railways and 54 miles of bus routes, carry 550,000 passengers a day.

There are over 50 shipping companies serving this city and six major shipbuilding concerns and nine drydocks in Shanghai. Five square miles of the harbor are available for anchorage with 60 mooring berths, and wharves are situated on both sides of the harbor.

Shanghai is adequately connecfed with all parts of the world by both radio and cable.—*Chinese Republic.*

Is the China Merchants S. N. Co. Planning a Service to South Seas?

Reports that the China Merchants Steam Naviga- Company is negotiating with the American Dollar Steamship Company for a loan of $30 million in order to effect a fundamental re-organization of the affairs of the Chinese shipping firm are denied by both parties. The report stated that one-third of the loan will be employed for redemption of various obligations of the C.M.S.N. Co. and the balance for development and expansion. As the first step towards expansion, the China Merchants Company, it was stated had decided to inaugurate an ocean service to the South Seas early next month. Two steamers, to be known as the *Haijui* and *Haihsiang* have been purchased and will be employed on the new line.

Official of U. S. Grain Stabilization Corporation in Shanghai

Milton Briggs, an official of the U. S. Grain Stabilization Corporation, which is a subsidiary of the American Farm Aid Board is in Shanghai making an investigation of the wheat situation. According to report the Farm Aid Board still has several million bushels of American wheat which is being disposed of in foreign markets, a considerable portion now being sold in Russia. A bill now in the House of Representatives which is expected to pass shortly, is designed to facilitate the shipment of American wheat to foreign markets.

Mayor Wu Teh-cheng Calls on Captain Sugisaka

For the first time since the recent Sino-Japanese conflict in Shanghai, Wu Teh-cheng, Mayor of the Municipality of Greater Shanghai, made a call on Captain Teijiro Sugisaka, Commander of the Japanese Naval Landing Force, at the headquarters of the Japanese Landing force near Hongkew Park June 14. Both Mayor Wu and Captain Sugisaka are stated to have pledged themselves to exert their efforts for the restoration of friendly intercourse between the Japanese.

Japan's Casualties Now Exceed Four Thousand Mark

The Osaka *Mainichi* on June 10 published a detailed list of Japanese casualties occasioned by the Manchurian and Shanghai expeditions up to June 6. The figures indicated that 1,189 soldiers were killed and 2,974 were wounded. The details are shown in the following figures:

Kuantung Forces

Killed, 473; those succumbing to wounds, 70; wounded, 1,156. Total 1,699.

Shanghai Contingent

Killed, 541; those succumbing to wounds, 95; wounded, 1,789. Total 2,425.

Chientao Expedition

Killed, 4; those succumbing to wounds, 4; wounded, 25. Total 33.

North China Garrison

Killed, 2; wounded, 4. Total 6.

Total of those killed, 1,020; total of those succumbing to wounds, 169; total of those wounded, 2,974.

Cholera Situation Becomes Worse in Shanghai

Reports issued by Dr. Wu Lien-teh, head of the National Quarantine service, indicate that the cholera situation in Shanghai is getting worse. Dr. Wu blames the present epidemic on the bad water supply in Shanghai, the water being badly polluted by the dumping of garbage into the Whangpoo, which is the source of Shanghai's water. The water is highly chlorinated in order to make it at all fit for human consumption. Ninety new cases of cholera were reported in Shanghai within a week. The Chinese Red Cross Society has established a special cholera hospital with 300 beds at Hsin Ming Road, Chapei, and another with 150 beds on Myburgh Road. The Hongkew Summer Diseases Hospital is provided with 500 beds.

Japanese Residents' Corporation Fixes Current Year's Budget

The Japanese Residents' Corporation of Shanghai has fixed this year's Corporation budget at $664,823, which means that each Japanese household will be asked to pay in $6.60 per annum. S. Ohta, Acting Chairman of the Residents' Corporation, explained that, although this rate is higher by 45 cents as compared with that for the last fiscal year, it was still lower by $1.03 when compared with the provisional budget fixed at the extraordinary session of the Assembly last March. The reduction has been made possible through an educational grant from the Municipal Council which was made available some time after the extraordinary session in March.

Soviets to Extend Air Service to Vladivostok

Regular services were opened on May 15 on all the main lines of the Soviet Civil Air Fleet, which cover a total distance of 37,000 kilometers as compared with 27,000 kilometers in 1931. During the current year services will be opened on the following trunk lines: Sverdlovsk-Tobolsk-Obdorsk, on the River Ob; Armavir-Elista-Astrakhan; Moscow-Voronej-Stalingrad; Moscow-Kiev; Moscow-Leningrad; Leningrad-Petrozavodsk; Seminpalatinsk-Magnitogorsk.

Of particular importance is the extension of the Moscow-Novosibirsk-Irkutsk line to Vladivostok. Covering a distance of 10,000 kilometers, this line will be the longest in the U.S.S.R. and one of the greatest in the world. Up to Irkutsk the line will be fully equipped for night flying.

Japanese Protest Against "Anti-Japanese" Teaching in China's Schools

According to information received in Shanghai from Tokyo, the National Educational Federation, which is now in conference in the Japanese capital, resolved to petition the World Educational Congress, as well as the officials of the Japanese Foreign Office and the Department of Education, "to take steps to put a stop to the violent and unwarranted anti-Japanese or anti-foreign education conducted in the schools, colleges or universities throughout China." Copies of the resolution have been circulated to all the Cabinet Ministers and members of the two Houses of the Japanese Diet now in session.

Anti-Japanese Feelings Still Strong in China

The Japanese news agencies continue to report fully on anti-Japanese activities in various parts of China. Anti-Japanese feelings are reported to be widespread, but a ray of hope comes from Chekiang province where according to a Hangchow report, the governor, Lu Tsio-ping, has issued an order prohibiting students from meddling in politics and advising them to busy themselves with their books and attend classes. Students of the Chekiang University in Hangchow were planning to hold a large mass meeting there shortly to revive anti-Japanese agitations which these boys declare, are rapidly dying down, but the maneuver became known to the authorities who thereupon took prompt steps to stop the meeting.

Only one Japanese shop has opened in Wuhu. The presence of Chinese pickets stationed in the vicinity by the anti-Japanese society is preventing Chinese customers or merchants wishing to deal with the said Japanese shop from visiting the place.

The anti-Japanese boycott pickets of Hsuchow are alleged in a Japanese telegram to have illegally seized and confiscated 180 tons of Japanese matches valued at $7,000, and have also prohibited Chinese merchants from selling Japanese article in future.

Anti-Japanese feelings at Chungking still run high. The Chinese guide who took the commander of the Japanese gunboat *Hiraga* when it arrived in Chungking on a sight-seeing visit of the town recently, was carried off by the Chinese populace.

In order to forestall the possible intensification of anti-Japanese agitation in Foochow and its adjacent area through the stationing of the 19th Route Army in the vicinity, the Japanese authorities there have asked Cha rman Lin Chih-yuen, of the Fukien Provincial Government, to take strict precautions against any unpleasant incident in the area under his control.

A certain Chinese merchant, dealer in socks and stockings, residing in the town of Pingfu, Kiangsu province, is to be severely punished by anti-Japanese boycott pickets shortly for disobeying the orders of the boycott association, says a recent report in one of the Chinese newspapers. The boycott pickets of Pingfu have ordered this merchant to pay a fine of 80 dollars as punishment for "secretly importing raw material from Jap an." When the merchant refused to pay the fine, the pickets decided to arrest him with the aid of the local police, and dragged him through the streets with a placard reading "a traitor."

Latest New York Stock Exchange Quotations

Market:—Firm Business Done Shares

June 15, 1932

1931 High	1932 Low	Div.$ per Sh.	STOCKS	Mon. June 13	Tues. June 14
23½	1⅝	—	Adams Express	2	2
182¾	47¼	*6.00	Allied Chemical & Dye	51¼	53
42¾	4⅛	.50	Allis Chalmers	5¼	6⅛
129¾	34⅝	*4.00	American Can	38	38¼
51¾	2	—	Amer. & Foreign Power	2¼	2¼
31½	1⅛	—	Amer. & For. Power W.	1¼	Unq.
58½	5¼	—	American Smelting	7¼	8
201¾	81¼	9.00	American Tel. & Tel.	84½	85⅜
132¾	45	*5.00	American Tobacco "B"	49¾	48?
80¾	12	3.00	American Waterworks	13	14
43¼	3½	—	Anaconda Copper	4	4
295½	30¼	*4.00	Auburn Automobiles	68¾	65¾
87⅞	3⅞	—	Baltimore & Ohio	5½	5⅞
70⅜	7¾	—	Bethlehem Steel	8⅜	8⅝
76½	21	*3.00	Borden Company	23¼	24
30¾	3½	1.00	Borg Warner	Unq.	4¼
45¾	7⅜	1.25	Canadian Pacific Railway	8½	9
131½	17⅝	—	Case, J. I.	24¾	24⅞
102	19¾	3.00	Chase Bank	21¾	21¾
54⅛	6	3.00	Chesapeake Corp.	6⅜	7
25¾	5⅛	1.00	Chrysler	6⅝	6½
20¾	1⅞	—	Cities Service Co.	2⅝	2⅝
45⅝	4⅞	1.00	Columbia Gas & Electric	6⅝	7
12	1¾	.30	Commonwealth & Southern	2⅛	2⅛
2¾	¼	—	" " warr.	¼	¼
109⅝	33⅝	4.00	Consolidated Gas. of N.Y.	36⅞	37⅝
12	4	—	Continental Oil	4¼	4½
86⅝	27⅜	*3.00	Corn Products	30	31¼
5⅞	⅞	—	Curtiss Wright Co.	⅞	⅞
78¾	23	4.00	Drug Incorporated	24¾	29?
107	25⅜	4.00	Du Pont de Nemours	27	27¾
185¾	38	5.00	Eastman Kodak	41½	43⅝
61	5⅝	6% S	Electric Bond & Share	7¼	7
60¾	3⅛	1.00	Electric Power & Light	4¼	4½
38⅜	1⅛	—	Fox Film "A"	Unq.	1½
54¾	8⅝	4.0	General Electric	10¼	10¾
56	20½	3.00	General Foods	21⅞	22⅝
48	8½	1.00	General Motors	9	9
84⅛	7¾	3.00	General Railway Signal	Unq.	Unq.
38¾	9¼	1.00	Gillette Safety Razor	12¾	12½
42½	8⅜	1.60	Gold Dust	10	10⅜
20⅞	2¼	—	Goodrich Rubber	3	Unq.
52¾	5¾	—	Goodyear Tire & Rubber	Unq.	8
62½	4	2.00	International Cement	Unq.	Unq.
4	½	—	International Combu. Eng.	⅝	Unq.
60½	13½	1.80	International Harvester	15	15¼
20⅛	3⅝	—	International Nickel	3⅞	4¼
38¾	2¾	—	International Tel. & Tel.	3½	3⅝
80¾	10	—	Johns Manville	11¾	13
31½	5	—	Kennecott	5½	5¾
27¾	1/32	1.61	Kreuger & Toll	1/32	1/32
91¾	34⅛	*4.00	Liggett & Myers, "B"	40	41
63¼	13½	*3.00	Loew's: Inc.	16⅛	16½
21⅞	9	1.20	Lorillard P. Co. (com.)	11⅛	11¾
19	1½	—	Ludlum Steel	Unq.	Unq.
29¼	3½	—	Montgomery Ward	5⅛	5⅜
108½	24	2.00	National City Bk. bid price	26¼	Not
14¾	2½	—	Nevada Copper	2⅝	2¾
132¼	9	—	New York Central	11	11⅜
90¼	14¾	10%S	North American Co.	18	19
54⅞	17¼	2.00	Pacific Gas & Electric	20¾	21⅝
11⅞	1¾	—	Packard Motors	2	1⅞
50¼	1½	—	Paramount—Publix. Corp.	2½	2⅝
64	7	—	Pennsylvania Railroad	8⅛	8⅛
8½	1	—	Pennroad Corporation	1⅛	1¼
16⅝	2½	—	Phillips Petroleum	3½	3⅞
96	31¼	3.40	Public Service of N. Jersey	33¼	34⅝
27½	2⅝	—	Radio Corporation	3¾	4
24½	1½	—	Radio-Keith Orpheum	2¼	2¼
54½	26¾	3.00	Reynolds Tobacco "B"	29	29
62¼	13⅛	2.50	Sears Roebuck	14¾	14⅜
10¼	2½	—	Shell Union	2¾	2½
23⅜	3	—	Simmons Company	3⅜	3⅜
26½	5⅜	.80	Socony-Vacuum Corp.	6⅞	6⅞
54½	16⅝	2.00	SouthernCaliforniaEdison.	19½	19½
88¾	8¼	3.50	Standard Gas & Electric.	9½	11½
54¼	20¼	*1.00	Standard Oil of N. Jersey	24⅞	25⅝
26¼	9⅝	1.00	Texas Corporation	10	10
55¾	12¼	2.00	Texas Gulf Sulphur	14	14⅞
18	2	—	Trans America	2⅝	2¾
72	16	1.20	Union Carbide & Carbon	18½	17⅞
205½	34	6.00	Union Pacific Railway	37⅝	39
38⅞	6⅝	—	United Aircraft & Trans.	8¼	8¾
31¼	3¾	.40	United Corporation	5	5
87½	10½	1.20	United Gas Improvement	12⅞	13¼
20⅜	2	—	U.S. Rubber	2	2⅜
162¾	24⅜	—	U.S. Steel	26	26¾
76¾	5¼	—	Vanadium	6⅞	7⅛
20⅜	⅝	—	Warner Bros. Pictures	⅞	⅞
107¾	18¾	1.00	Westinghouse E. & M.	21⅞	22⅝
72⅝	23½	2.40	Woolworth	25¼	25¾
*Plus extras			Call Money	2½ %	2½ %

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The National City Co. Gold Bond Quotations Received From Head Office

June 9, 1932,

SECURITY	RATE & DATE DUE	Price	Approx Yield %
The National City Bank of New York	Stock	25¾	—
Argentine Government	6 % May 1, 1960	42⅞	—
U. S. of Brazil	6½% Oct. 15, 1957	16¼	—
Republic of Finland ..	6½% Sep. 1, 1956	45	—
German Central Bank for Agriculture	6 % Oct. 15, 1960	27	—
Kingdom of Italy	7 % Dec. 1, 1951	85½	8.54
State of Minas Geraes Series "A"	6½% Sep. 1, 1959	10½	—
State of Sao Paulo (Brazil)	7 % Oct. 1, 1940	59	—
American I.G. Chemical Corporation..	5½% May 1, 1949	59	10.83
Rhine Westphalia Electric Power Corp. ..	6 % Apr. 1, 1955	22½	—
QUOTATIONS RECEIVED FROM LONDON OFFICE			
Republic of China Gold Loan	5 % 1925	58	—
Chinese Govt. Re-org. (£) Loan Stamped ..	5 % 1913/60	60½	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 % 1913/60	59½	—
Chinese Government (Crisp Loan)	5 % 1912	37	—
Shanghai-NankingRailway..	5 % 1904/08	28½	—
Shanghai - Hangchow-Ningpo Railway ..	5 % 1908/58	57½	—
Hukuang Railway.. ..	5 % 1911/1951	20	—
Tientsin-PukowRailway	5 % 1908/09	12	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

Bertrand Russell on Social Conditions in the Japanese Empire

The following comment by Bertrand Russell on social conditions in Japan appears on Page 214 of the "Scientific Outlook."

In spite of the extraordinary success of Japanese policy, there are certain unintended effects which are likely in time to cause serious difficulties. The sudden change of habits and of conscious opinions has induced a certain nervous strain, at any rate in the urban part of the population. This may produce a tendency to hysteria in time of national stress; indeed, such a tendency was shown in the massacres of Koreans that occurred after the earthquake of Tokio. What is more serious, the position of Japan demands the growth of both industrialism and armaments. Owing to the expense of the latter the industrial workers are poor; they tend, consequently, to acquire a rebellious mentality, and the circumstances of their work make it difficult for them to preserve that close family organization upon which Japanese society is built. If Japan should become engaged in an unsuccessful war, these circumstances might produce a revolution analogous to the Russian Revolution. The present social structure in Japan is likely therefore in time to become unstable, but it may be that the same skill which has rendered possible the triumphant career of Japan throughout the last seventy years will enable the Japanese to adapt themselves to changing circumstances gradually without any violent upheaval. The one thing that seems fairly certain is that, whether gradually or by revolution, the social structure of Japan will have to be profoundly modified.

Exchange Circular for the period from 2nd June to Tuesday, 7th June, 1932.

We are publishing one day earlier, as Wednesday the 8th inst. is a Bank Holiday for the Chinese Dragon Boat Festival.

Stagnancy still prevails in business Circles, and commodity prices are without improvement. Steps are being taken to convoke a Conference to discuss World Economic conditions which is receiving the sympathetic consideration of the Powers. No date is mentioned as yet, America desires a prominent position for the silver problem on any such Conference.

Locally we have had a very quiet week with silver and exchange keeping steady, without much fluctuation. The oversold position of speculators for near delivery has been shifted forward. It is now said to be above six millions in Gold Dollars.

The London/New York Cross rate has varied between 3.68⅜ and 3.69½, closing at at 3.69⅛. The Japan Cross rate opened at 32.45, rose to 32.87 and is today 32.50.

Silver:—Opened on the 2nd inst. at 16 5/8d. spot and 17d. forward, and U.S. $0.28⅛, and closes today at 16⅛d. spot 16 1/4d forward, and U.S. $0.28.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver Tls. 76,146,000 an increase of Tls. 1,288,000
Chinese and Mexican Dollars $ 240,120,000 an increase of $ 2,450,000
Estimated value Tls. 249,032,000 as against Tls. 210,926,000 held at this time last year

†	Average rates for May	Thursday June 2	Friday June 3	Saturday June 4	Monday June 6	Tuesday June 7	Wed. June 8
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/Ton London	1/7.685	1/7⅜	1/7⅜	1/7⅜	1/7¼	1/7⅜	
D/Dfts „	—	1/7⅜	1/7⅛	1/7⅜	1/7⅜	1/7⅜	
4 m/s „	—	1/7 7/16	1/7 1/16	1/7 1/16	1/7 1/16	1/7 1/16	
T/T on India	109.530	110¼	110	110	109¾	109¾	
T/T on France	768.920	768	769	770	770	769	
T/T on N. Y.	30.105	30⅜	30⅜	30⅜	30⅜	30⅜	
T/TonDemand		30⅜	30⅜	30⅜	30⅜	30⅜	
T/T on Hamburg (R.M.)		128¼	128	128¼	128½	128	
T/T onH'kong	77.045	77⅛ nom	77⅛nom	77⅜ nom	77⅜ nom	77⅜nom	
T/T on Japan	106.960	107 nom	109 nom	107 nom	107 nom	107½nom	
T/TonBatavia	74.400	75	75	75	75	75	
T/T on Straits	141.530	141	141	141	141	141	
Bk'shuyin grat s 4 m/s B/L. Cred, &D/A	1/8.760						
4m/s B/LD/P 6m/s „ B/L Cred & D/A	808.320 —						
4 m/s B/F Cred D/A or D/P							
4m/s N.Y. Lc.	31.935						
4m/s „ Docs.	—						

†Based on Daily Official quotation, higher rate taken on risingMarket, lower when falling.	June 2	June 3	June 4	June 6	June 7	June 8
Bullion.						
*London Price of Bar Silver per oz. (English Standard925touch) Pence						
**New York Price of Bar Silver per oz.(Pure)	16 1/16	16 1/16	16 1/16	16⅞	16⅞	
Shanghai Price ofGold Bars (weight Tls. 10 (Chauping 978 touch)	G.$.28⅛ Tls.	G.$.27⅛ Tls.	G.$.27⅜ Tls.	G.$.28⅛ Tls.	G.$.28 Tls.	
Shanghai Silver Bars (weight Tls.100(Canton) 999 touch) Nominal	720½ Tls.	720.50 Tls.	715.75 Tls.	718.00 Tls.	720.00 Tls.	
Shanghai Mexican Dollars per $100	112.50 Tls.	112.50 Tls.	112.50 Tls.	112.50 Tls.	112.50 Tls.	
Native Bank Rate of Interest (Call money)	69.8⅛	69.7	69.7	69.6⅝	69.4⅞	
*Closing Price in London for Previous day						
**Closing Price in N. Y. for Previous day						

HOLIDAY

Bank of England rate of discount	2½%	London on Paris	T/T 93.48
Bank of France rate of discount	2½%	New York on London	T/T 369¼
London open Market rate of Dis.	8m/s. 1¼	Bombay on London	T/T 1/5⅛
„ „	4m/s. 1¼	Hongkong on London	T/T 1/3⅜
„ „	6m/s.1¼	Kobe on London	T/T 1/9

FEARON, MAITLAND & SHAW